

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Property bond publicity

Sir.—Property Bonds have been the subject of some comment in your correspondence in recent days. Your Premium Bond is not intended to be a short-term asset, but rather a means of acquiring life sense into the arguments. A letter from A. J. Rother which quotes an extract from our assurance cover (which may be a property bond is a product like cash surrender value which one who wishes to buy it. The returns? Who can say, you either believe property will appreciate or it won't. I know what I think and let's face it—you can always say no and stuff your

organisation. How many insurance companies or building societies or other organisations are offering exceeding attractive discounts to the advantage of the advertiser during the other nine months of the year.

Unlike other media television

modity. The number of advertising minutes available has hardly changed since 1955. We do not

have the benefit of most manu-

facturers who are able to improve

their profitability or efficiency by

selling more of their products. It

is therefore impossible to obtain

the increased income which is

vital to all businesses other than

through rate adjustments.

Those executives in advertising

agencies who are close to the

total buying of television time

will be aware that the average

costs-per-thousand have changed

very little during the past three

to four years and I am sure that

it is no surprise that it has moved

up the year, even without allow-

ing for the increasing value of

colour.

As to the mythical new rate

increased that have been pre-

dicted, Thame is not a member of

the CBI, but we have advised

the ISBA that we accept the CBI

initiative in principle and will

certainly aim to support it.

Furthermore, we have recently

issued our rates for the mid-

of the TV companies, but

as usual, there is a little more

to the story than might be ap-

parent at first glance.

All I will say about ITV 2 is

that the Incorporated Society of

British Advertisers is quite en-

titled to express its views about

a second commercial channel and

I am sure that it has no objection

to the TV companies' interest in a subject that is vital

to their future. It would be un-

fortunate if it was thought that

television was invented only for

TV companies and advertisers.

There is a vast body of people

called "viewers" who should be

taken into consideration.

He appears to accept, at least

by default, three of my five

suggestions. A good start. On the

question of a capital for United

Ireland I would have thought

that as a good Irishman (pre-

sumably) he himself might have

wanted somewhere other than

Dublin for the very point he

makes, that is it was chosen by

the British. I only suggested

Belfast as a possible concession

to the minority—the capital to be

in their midst not miles away in

what to them might be regarded

as alien territory.

Mr McFarland read more into

my third item than was there. I

suggested a complete disestablish-

ment of the Catholic Church as a

privileged "body." Now my

dictionary (a neutral American

one) gives "establish" as "to

place in a secure position" and

"to disestablish" as meaning

"to deprive of its established

status." Mr McFarland used this

meaning himself in his third

item.

Then there is what seems to

be growing into the chestnut of

the property bond field, the

charges. One buys a product

and then one enjoys it. A simple

transaction and a simple principle

provided you know what you are

paying and when you pay it, there is no problem—and

this surely is the crux. Open

disclosure of management charges

seems to be the practice of the

property bond investment

and this is surely the most important question that anyone can ask.

The answer is, "Who can say?"

Money in property is certainly

safier than money in the Stock

Market. Anyone who has pur-

chased his own home will bear

witness to the safety and poten-

tial margins of profitability. Most

insurance funds and most insur-

ance companies think that their

money is safer in property—and

both of these august bodies seem

to be getting healthy returns.

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Farming and Raw Materials

Cheaper platinum for U.K. consumers

BY JOHN EDWARDS

THE U.K. price of platinum has been adjusted downwards by £1.50 a troy ounce, Johnson Matthey, selling agents for Rustenburg Platinum, announced yesterday. This reduces the price from £50.50 to £48.50 an ounce with immediate effect.

The reduction follows the change in currency exchange rates that has meant the sterling price has been out of line with the base dollar quotation ever since President Nixon's virtual devaluation of the dollar in August. The U.S. price for platinum remains unchanged at \$120 an ounce, but, evidently Johnson Matthey and buyers of platinum consider the currency situation has settled down sufficiently at present for a more accurate sterling equivalent price to be fixed. Engelhard, which sells the platinum produced by International Nickel among others, has also cut its U.K. price. Impala Platinum is continuing to base its price on the U.S. quotation of \$120 and any sales outside the U.S. are based on the current exchange rates.

Russian sales

The cut in the U.K. official price comes at a time when the free market for platinum is weakening. Yesterday the Lon-

October 1, a rebate each month for the producing companies.

There are persistent reports that Russia is planning to become a more competitive seller of platinum, although so far no confirmation of this is available. But the possibility of cheap price sales by Russia has caught the New York market in a nervous mood when there is little consumer buying to support prices. Once the selling started, it quickly accelerated with stop-loss sales by speculators and potential buyers withdrawing in the hope of obtaining even cheaper prices later. Prices in New York have steadied slightly, but the undervalue still seems to be very uncertain and a further decline in values would surprise no-one.

Although the platinum producers claim that the U.K. price reduction is merely an adjustment to the changed currency situation, the fact remains that they are now receiving less for their platinum in Britain and U.K. customers are getting their supplies cheaper.

A similar situation also exists for nickel, where U.K. consumers are receiving, with effect from November 2 according to spokesmen,

of the producing companies.

Peru mines still gripped by strike

LIMA, Nov. 1. THE copper, lead, silver and zinc mines owned by the U.S. Cerro de Pasco Corp. in Peru remained paralysed by a strike from the official rate of \$2.40 to the £1. This means British consumers should be receiving a rebate of over 3 per cent off the official producer price of \$1,246.5 a ton.

After the shock announcement

on Friday of a further 15 per cent cut in nickel output because of disappointing sales, international Nickel chairman Henry S. Wingate yesterday said there were indications that the level of the company's sales may have touched bottom in the third quarter of this year. In recent weeks, orders from rolling mill products, and to a lesser degree primary nickel, had increased slightly in some markets, he said.

The strike began last Wednesday

and spread to most of the work force by Friday. The strikers

want more pay and better working conditions according to a complex set of demands set out earlier this year.

Our Commodities Staff writes:

A decline of copper stocks in the London Metal Exchange warehouses, and the continuation

of the Cerro strike, helped

keep copper prices steady in London yesterday despite the absence of consumer buying interest. The fall in the copper stocks of 2,100 tons to a total of 125,675 tons was slightly more than had been anticipated.

Tin stocks rose unexpectedly

by 173 to 5,740 tons, while lead

stocks were up by 850 to 48,075

tons and zinc down by 1,225 to

20,425 tons. LME silver holdings rose by 290,000 to 6,650,000 ounces.

Palladium cheaper

Mr. Wingate was commenting on a steep decline in International Nickel's profits for the first nine months of this year to \$36m, compared with \$160.6m. in the same period last year.

Meanwhile the U.K. price for palladium is being cut to £14.55 and £15.35 per troy ounce for bulk and small sales respectively from £15.40 and £16.25 previously with effect from November 2 according to spokesmen.

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Record crops

The group said that trade in wheat is likely to decline mainly because of smaller imports in Europe, Egypt and the Far East.

As with coarse grains, the main reason for the drop in demand is the larger wheat crop this

season.

Its report said that a moderate

decline can be expected for

coarse grains during 1971-72,

"since the pronounced rise in

production in Europe is expected

to be more than sufficient to meet

the rise in requirements for live-

stock feed, and most of the addi-

tional requirements of Japan will be met by increasing feeding of

surplus domestic rice."

The group said total supplies

in wheat production in 1971-72

are estimated at 308m. tons, 21m.

tons higher than in 1970-71. Pro-

duction has increased every

year except in the Soviet

Union, it said.

World wheat trade is forecast

at about 49m. tons in 1971-72,

4m. tons less than in the previous

season. The main factor in this reduction is the prospect of greater supplies in Europe, it concluded.

At the end of September

intervention purchases of

grain in Germany had reached

18.3m. tons, including 7.3m. tons of

French and 10,000 tons of Dutch

grain. The flood of French grain

into Germany, caused by specu-

lative contracts before the float-

ing exchange rates were allowed

for rebates and levies, has now eased, and market prices

have moved above intervention

levels.

In France the total grain crop

is put at 36m. tons or 4m. tons

more than in 1970. Despite a

reduction of nearly 12 per cent

in wheat, and compares with the

1969-70 crop of 67.7m. tons.

More important, there are

no serious fears says the jour-

nal, that the budgetary estimates

for 1971-72 made by EEOGA, the

Common Agricultural Fund, will be inadequate for the support

buying and export subsidies re-

quired.

Intervention levels

WASHINGTON, Nov. 1. WORLD production of cotton in the current marketing year, ending November 31, will rise to 14.5m. 140,000 bales (450 lbs. each) from 13.9m. bales last year. The U.S. East Coast and Gulf ports will be in operation on October 10 but still liable to closure by strikes.

Meanwhile the international

market in feed grains has become

much steadier. The docks strike

affecting much of the Eastern

seaboard of the U.S. is a con-

tributory factor, but traders are

more inclined to point to the end

of the harvest flush period in

the Northern Hemisphere and

rumours of substantial purchases

by the Soviet Union, including

one large contract with the U.S.

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American
NewsSoviet Union offers
Cuba continued
backing against U.S.

Tito shops for U.S. military hardware

THE Soviet Union assured Cuba of its backing against the U.S. in a joint communiqué issued here today, apparently to allay any concern in Havana over President Nixon's forthcoming visit to Moscow. The document was publicised one day after Soviet Premier Aleksei Kosygin left Cuba at the end of a four-day visit.

It said Moscow had reaffirmed its readiness to continue supporting Cuba "in the struggle to strengthen Socialist forces and against provocations by the forces of imperialism." Referring to Mr. Kosygin's talks with Prime Minister Fidel Castro and President Osvaldo Dorticos, it added that the Soviet side had again condemned "the U.S. imperialists' blockade against Cuba and various U.S.-encouraged hostilities."

The Soviet Union may have been reassured by the Soviet news agency Tass, which reported that Mr. Kosygin's visit, the communiqué suggested it had been a major success. "The Soviet

press. But the communiqué as summarised by the Soviet news agency Tass, made no reference to a new Soviet aid programme for Cuba which informed sources in Havana said Mr. Kosygin had agreed on while there. Reuter

mid-1960s. That criminal trial years. He retired in 1969 and six storeys. The measure won

not begin until later this year but a ballot spot through the all the colour, controversy and State of Washington seeking a sailing the century-old sidewheel of signatures on an initiative petition sponsored by local businessman and environmentalist Mr. Alvin Duskin, 40-year-old head of a \$3m-a-year dress-making company.

Mr. Duskin pays for expensive full-page newspaper ads to win support for his causes, which have included blocking attempts by the Texas oilman Mr. Lamar Hunt to develop Alcatraz Island as a tourist attraction and suing the State of California in an effort to halt the just-opened California Water Project. Mr. Duskin himself is a candidate for the Board of Supervisors in Tuesday's election.

Proposition T

Four Soviet architects on a tour of major U.S. cities in September agreed that San Francisco has too many tall buildings too close together. "Even for such a large country as the U.S., one New York is enough," they said and Mr. Duskin and his backers agree. Opposing Proposition T, however, are the San Francisco Urban and Planning Renewal Association, the Planning Commission and the Greater San Francisco Chamber of Commerce, which warns, "It will take a miracle to save San Francisco if Alvin Duskin's unholy commandment becomes law."

Planning officials say the Duskin height limit would impair the ability of the city's still incomplete Bay Area Rapid Transit District to sustain itself and would be "destructive of the planning process" while the city's Controller estimates the six storey limit could add as much as \$1.44 a year to the property tax rate over the next decade.

They urge voters to give the city a chance to implement its Urban Design Plan, a 155-page book made possible by a \$180,000

Federal grant that "unlike Proposition T, does not offer simplistic solutions to highly complex problems." Mayor Alioto opposes Proposition T while most other candidates have avoided commitment.

Proposition T

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Mr. Nelder voted for Mr. Harold Dobbs four years ago, and former Police Chief, Mr. Tom Cahill, whom Mr. Alioto fired 18 months ago, is a volunteer in the Dobbs camp this year.

Besides the race for Mayor, the most heated subject on the Tuesday ballot is Proposition T, a platform that would require a special city election for every

proposed building of over 72 feet, placing a height limit of

100 feet on all new buildings.

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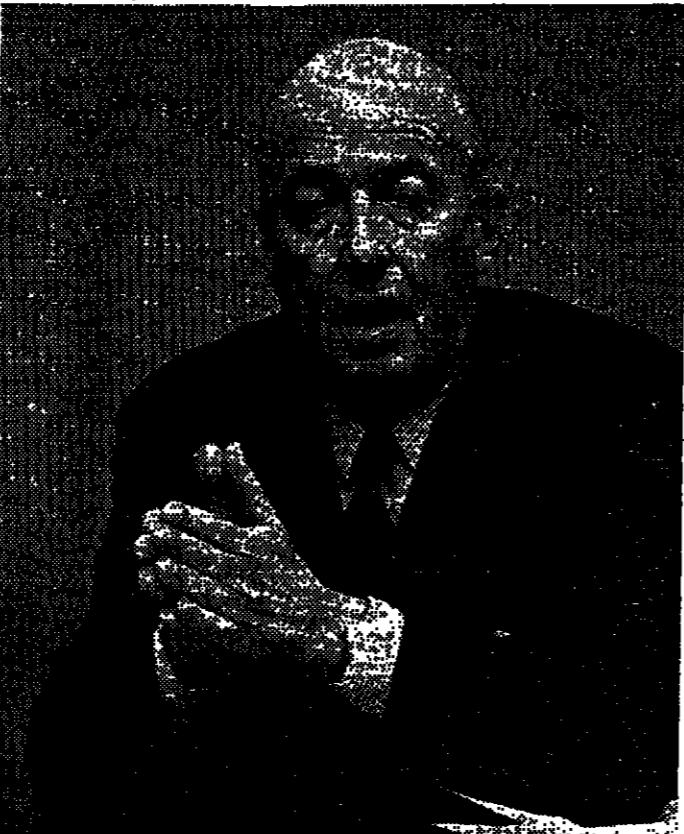
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Export News

TRADE DRIVES

Lord Thorneycroft gets Export Board "hot seat"

BY DAVID CURRY, EXPORTS EDITOR



LORD THORNEYCROFT is to be the chairman of the British Export Board, the Government's successor to the British National Export Council, the Department of Trade and Industry has announced. The other members of the Board have not been named but, like Lord Thorneycroft, they will be unpaid. He will serve for a two-year term.

Yesterday, the chairman-designate pledged that businessmen would have the executive direction of the Board's activities. Its work would be to create the right climate in which exporters can operate.

Its initial budget will be about £8m., and total costs, including staffing by some 1,300 civil servants in the DTI's export promotion divisions, would be about £15m. a year, Lord Thorneycroft said.

The contract will keep a section of the plant running into 1973. It has been signed with a leading bushing and bearing manufacturer in the Mid-West. The winning of the order in face of the recent U.S. surcharge on imports is attributed to product quality.

Mr. Robert Cunningham, company chairman, said: "It is quite a coup for us and brings additional business to Dundee. In the American market we are up against a lot of expertise in metallurgical processes. Competition is very keen. The latest surcharge on imports makes it even tougher. Our product quality won through, and I anticipate that the continuing appreciation will follow."

Dens Metals is a subsidiary of Malcolm Ogilvie and Co., Dundee, was formed as a group diversification. *

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It is for Galbestos protected sheet steel and Styroplight translucent glass reinforced fibre daylighting for a new warehouse in the port area. The warehouse will serve the nine deep water berths which give Jeddah extended facilities for cargo traffic and leave the 1,000 berth free to handle the annual influx of 300,000 pilgrims on their way to Mecca.

With two previous orders, Robertson will supply over 55,000 square metres of Galbestos to the project. This includes the roof and wall cladding for the new Pilgrim Hall at berth No. 1 and for seven new transit sheds. The three contracts are worth over £215,000.

Lord Thorneycroft yesterday—a dynamic low profile.

Advice

He described the bringing of business into an active role in Government as "a very big step indeed." "The Board," he said, "would lean very heavily on existing organisations for advice and support. Its emphasis would be in product areas, and here the experience of groups like BEMA, the NFU and Chambers of Commerce would be invaluable.

"The Board would also support the work of outside bodies with a similar constitution to the Eastern European Trade Council or the Sino-British Trade Council."

It is clear that the new Board will owe virtually nothing to BNEC, despite the fact that Lord Thorneycroft has invited the heads of the BNEC area committees for talks on "the transfer of power." Of the 16 executive branch members of BNEC only 15 will join the Board.

Programme

The DTI has prepared for the Board, which takes over on January 1, a full programme of activities for 1972 including joint ventures and missions. The two major trade drives planned for Denmark and South Germany will go ahead, and the broad range of services to exporters will be continued without a break.

The official definition of the Board's work is to "give broad direction to the execution of export intelligence work, the work on trade fairs and other promotional activities overseas, the schemes for financial support for companies to participate in missions and for inward commercial visits to this country. The Board will thus have much wider executive responsibility than BNEC and will have charge of

a considerably larger budget for export promotion work (about £8m. excluding staff costs).

Within this budget the Board will be free to select priorities and to allocate resources to different forms of activity or different areas of the world. The Board will also be able to consider and introduce new techniques.

The Board will have at its disposal the staff of the DTI concerned with export promotion and including some BNEC staff who have transferred with their work. The staff concerned are in the Export Services Division, the Export Planning and Development Division (including Fairs and Promotions Branch), and the Overseas Projects and Technology Division. Fairs and Promotions Branch is also to be responsible for work previously done by the COI in exhibitions and trade fairs. This is a step to further integration. The Board's work overseas will be carried out by the commercial staff of the Foreign and Commonwealth Office in Embassies, High Commissions and Consulates.

The Government decision to BNEC with an Export Board was announced in May. It stressed the need to involve

businessmen in export promotion work, integrate that work and avoid duplication; and the realisation that the Government would have to bear the major cost of export promotion services.

Lord Thorneycroft is a former President of the Board of Trade and a Chancellor of the Exchequer. He is chairman of Pye of Cambridge, the Pirelli companies in the U.K.

His appointment is likely to be received enthusiastically. He is associated neither with BNEC nor the chambers of commerce and has established a reputation for being able to manage a "mixed" board during the course of his work on the ST-PRO committee on the simplification of export procedures.

See Men and Matters Page 18

Gem of a deal

An order for more than 45 tons of Huntley and Palmers Gem Biscuits, one of the world's smallest biscuits, has been secured from Ghana.

The order, which is worth £17,700, comprises over 62m. Gem biscuits, 600 of which are needed to weigh one pound.

Having your cake and heating it

By David Curry

YESTERDAY morning, 2,000 cubic feet of British cake set out in a specially prepared deep-freeze lorry to travel 4,000 miles to Kuwait.

The consignment represents United Biscuit's biggest cake order from Kuwait (78,000 McVitie's Swiss Rolls), worth £2,600 (F.O.B. price). The task of delivering the goods has been entrusted to Union Cartage Corporation of Brentwood, Essex.

Previously the only method of transport considered feasible was by ship; not only was this expensive but the long journey time restricted the possibilities to long life products like fruit cake or biscuits. By land, the journey, although passing through eight countries, will only take 14 days, compared with 28 days by ship.

The temperature in the trailer will be held at -5° to -10°F which will ensure that the cake will arrive in perfectly good condition.

The transport side of the operation should pave the way to a big Gulf area penetration for McVitie's cakes, the company hopes. Biscuit sales in Kuwait have already shown a 300 per cent growth for United Biscuit this year and the McVitie's brand name is now becoming established, a fact which will further ease the company's penetration of the cake market, it believes.

McVitie's agent in Kuwait is hoping that if all goes well with this first consignment it will develop into a regular delivery service, just like the normal cake-van delivery which provides daily distribution in the U.K. UB believes this will make it the longest range cake-van service in the world.

The recent merger of McVitie's and Cadbury's cake interests only applies to the U.K. market. Exports, while jointly manufactured, are still handled under separate brand names by each company's respective overseas division.

Computer

The system which the delegation is considering would link Dataplex terminals sited in data processing bureaux and institutes all over the country to a central computer. The Dataplexer comprises an input-output typewriter linked to twin magnetic card readers.

There are two major factories, the polymer works based on technology and equipment bought from Imperial Chemical Industries, and the ethylene works, which are Russian-planned and equipped. British and Russian technicians supervised the assembling and installation of the equipment, instruments and appliances.

Raw material for the new plant is low-grade petrol. The polyethylene powder will be produced under high pressure and most of the annual output will be processed in other units of the Tisza chemical combine.

End products will include polyethylene foil, various sacks and packs, household and technical goods and injection-moulded products. The polyethylene powder will also be used for bottle and container manufacture and in the manufacture of cables.

MEDICAL APPARATUS

Russians may come here for 'Hoverbed' training

FINANCIAL TIMES REPORTER

RUSSIAN medical experts hope to send a team to Britain to at a London hospital to house the Hungarians, Swedes, Poles, Canadians and Americans to purchase newly invented British medical apparatus developed by the National Research Development Corporation.

Skirt

A small Russian team of experts is likely to undergo training at the hospital, Mount Vernon, Middlesex, where the centre is completed next year, says the National Research Development Corporation.

The National Research Development Corporation hopes that Britain will export considerable numbers of the machines which will sell at some \$40,000 each. Interest has also been shown by

Hungarians, Swedes, Poles, Canadians and Americans to purchase newly invented British medical apparatus.

The hover machine made by a British research team headed by a biomedical engineering expert Dr. John T. Scales, took 11 years to develop. It will be invaluable in the treatment of burns, as it will enable patients to be treated "in mid-air" with no part of their body in contact with any surface.

In the treatment of burns, contact with surfaces tends to retard healing, thereby causing or aggravating infections. Besides the Russian interest, there is need for the patient to lie on a bed or operating table. The patient is surrounded at the sides of his body by a "skirt" similar to some extent to that of a hovercraft.

Dr. Scales described floating as being like "lying on a gale." Commenting on the potential of the invention, Dr. Scales stressed that Britain "led the world" in this new development.

It is now up to British industry "to invest in the invention and sell it to hospitals throughout the world," he added.

National Research Development Corporation's overall leader of the "hoverbed" project, Mr. Malcolm Wagstaff, said yesterday that it was hoped that it could export at least 30 of the newly invented machines during the next five years.

The licence for manufacturing the apparatus has been given to Howorth Air Conditioning.

Hungarians show strong interest in Dataplex

FINANCIAL TIMES REPORTER

A 33-man trade delegation has completed a five day visit to the U.K. to investigate a new data handling and document preparation terminal marketed by Dataplex, a Croydon-based company formed only eight months ago.

Called the Dataplexer 1000, the new machine was unveiled for the first time in October this year at the Business Efficiency Exhibition where it attracted the interest of a small party from the Hungarian Institute for Organisation and Data Processing.

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Leyland is due to give its final reply before the end of the week.

BL Israeli talks are deadlocked

By Our Own Correspondent

DEADLOCK appears to have been reached in the talks between British Leyland and the Israel Government on the future of the Autocars company in which BLMC is a partner.

A top level delegation from Britain together with the local director of Autocars, Mr. Yitzhak Shubinsky, met last night with the Israeli Ministers of Finance and of Transport and the new Governor of the Bank of Israel, Mr. Moshe Zanbar, but no solution was reached.

The main point at issue at the moment appears to be the Israeli Government's request that Leyland invest an additional sum in the company to match local investments and bank loans which the Israeli Government would have to guarantee.

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IN BRIEF

Sales peak for Dens Metals

A DUNDEE company with less than a dozen employees has won its biggest export order, valued at £128,000, in the U.S. market.

The company—Dens Metals (Dundee)—was formed in 1961 to develop a process for continuous casting of high-quality bronze bushing and bearing materials for home and export markets. Up to now its individual orders have seldom topped the £10,000 mark.

The contract will keep a section of the plant running into 1973. It has been signed with a leading bushing and bearing manufacturer in the Mid-West. The winning of the order in face of the recent U.S. surcharge on imports is attributed to product quality.

Mr. Robert Cunningham, company chairman, said: "It is quite a coup for us and brings additional business to Dundee. In the American market we are up against a lot of expertise in metallurgical processes. Competition is very keen. The latest surcharge on imports makes it even tougher. Our product quality won through, and I anticipate that the continuing appreciation will follow."

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Lord Thorneycroft yesterday—a dynamic low profile.

the big world of property

Jones, Lang, Wootton have been practising in the "Common Market" for more than a decade and have their own offices in

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Telephone 14.74.77. Telex 24534

Paris

12 rue de Presbourg, Paris 16
Telephone

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

At present there are at work in the area a number of oil exploration and production platforms in the area, some of which are producing crude oil. A new 149-mile long pipe from Cruden Bay, near Peterhead, will also be completed. Other oil explorers are in the area, and there is a lot of work to be done. The company's oil exploration is for oil and gas in combination with pipelines. This work is being carried out by contractors of which the largest is the Construction Company.

Growth

Further north, in the Shetland Islands, new facilities will be built on a small scale to meet the local community's needs. A plant by Brown and Root, a large platform, could be built in the area, and there are plans for a second company to be involved in a similar project.

No oil man would forecast the entry of the North Sea—whether it will be a quarter of a century or more. Britain is expected to be the end of the century.

A dish aerial mounted on the top of the 2,000 MW power station at Kingsnorth in Kent. The aerial economy of the part of micro-wave radio link for the three terminals of the Kingsnorth/Beddington/

COMPUTERS

RCA in new venture

A has been selected by NASA, U.S. space agency, to develop test model of a space computer that would be 100 times smaller and lighter than equivalent commercial systems. The microprocessor could be the forerunner of a system for future manned and unmanned space vehicles such as the Space Shuttle and the Orbiting Space Station.

The shuttle is a reusable craft that will take off like a rocket and land like an airplane. The space station would be a permanent orbiting laboratory able to accommodate a contingent of scientists.

Heart of the computer under development by RCA will be 15 large-scale integrated (LSI) chips—one-eighth-inch square chips each containing up to 600 electronic elements. Although the computer will weigh just 10 pounds, occupy one-half cubic

foot and require only 15 watts of power, it will be capable of processing functions equivalent to 10,000 lines of assembly language.

RCA is developing the SUMC (Computer Output to Microfilm) demonstration model under a \$587,000 contract from NASA's puter records contained on magnetic tape. Flight Center, Huntsville, Ala. It is one of several continuing computer projects under way in the company's Government and Commercial Systems group.

System Ten on the way

FREIDEN Division of Singer has installed System Ten computers at Kendal Computer Bookkeeping Service and Medical and Biological Instrumentation (MBI) of Ashford, Kent.

These two installations amount to a total value of £53,000. At Kendal, the System Ten configuration consists of a 20K core central processor, two disc drives and two work stations. The service includes sales accounts, purchase accounts, nominal and private ledger accounts and payroll. From these accounts, a draft trading, profit and loss and balance sheets can be prepared instantly. In addition, both sales and purchases can be analysed in different categories such as area and product.

System Ten at MBI consists of a 20K core central processor, a work station and a disc drive.

A further nine System Ten computers with a total value of £330,000, will be installed by the end of 1971.

Storing a huge file

THE General Nursing Council for England and Wales is to transfer its records of 600,000 qualified nurses and 120,000 nurses in training from the existing

Willesden dc transmission scheme scheduled to come into operation early in 1972. The micro-wave radio link will provide fast control signals for operating the dc link. Prime contractors for the link were STC.

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Collection of milk from farms has been hindered by lack of traction on poor tracks, which caused by scrub on the drive axle covers. This necessitated replacement of the bogie after only 4-6 weeks. Harsh oscillation of the suspension over rough surfaces also resulted in a high incidence of U-bolt and spring breakages particularly on the driving axle.

Installation of the load transfer unit has had the effect of extending the period between

tyre replacements to around six months. At the same time suspension failures have been eliminated by the damping effect of the device. The company's drivers normally operate the small selector switch in the cab as soon as they move from hard roads on to unmade surfaces.

In the spring of 1970 the Council asked Price Waterhouse & Associates, the international firm of management consultants, to examine the existing system and advise whether any improvements could be made. The consultants recommended the use of computer techniques with microfilm as the output medium in order that the Council might reduce its space requirements and its operating costs, and as a means of bringing its records more speedily up-to-date.

The system has been specified by Price Waterhouse & Associates and will be developed over the next two years by Singer Information Services Company, which will maintain and update these records at its Guildford centre.

Sisco has indicated that the order of £250,000.

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Speeds efficiency in factory, office, stores, shop, post-speaking conversation, simple operation, Press-to-Talk Switch, Magnetic Call Indicators, call who is wanted to talk, Battery or mains operation, Other systems 2-way to 60-way.

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This advertisement is associated with the
JOHN PLAYER HORIZON PROJECT

See pages 37-39

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AN AUTOMATIC, self-contained X-ray unit designed to permit an unskilled operator to produce a fluoroscopic image. A fluoroscopic accessory is available for visual inspection and attachments are available for flowline inspection unit is compact, transportable, and does not need a lead-lined frame for operation.

Applications include detection of defects in welds, castings and small intricate devices; checking faults such as misalignment, inclusions, missing elements and poor fabrication in printed circuits, micro-logic elements, contacts, relays, registers, encapsulated components, moulded cables and connectors; examination of fine bore capillaries, metal products, control instruments, quality control; batch inspection and production method studies.

Equipped with automatic exposure control the unit has an adjustable voltage source from 10 to 110 kV peak with 3mA current, ensuring good contrast over a range of object thicknesses and densities. Units can be supplied for operation up to 130 kV peak to radiograph through 1/8 inch steel plate or equivalent. Maximum definition and resolution is provided by the small X-ray source size of 0.5mm. A thin beryllium window on the X-ray tube transmits soft

High definition radiographic prints can be produced in seconds using Polaroid film or standard wet film and cassettes can be used up to 14 inches x 17 inches in size. The object to be examined is laid on the film, placed on a shelf in the unit and the door closed. A meter indicates the correct voltage setting and an automatic control terminates the exposure after the correct time lapse. A step control adjusts the exposure to cater for different film speeds and an exposure fine control allows specific films to be exposed to give a lighter or darker image.

The cabinet is constructed of steel and operator safety is ensured by internal lead shield

ing and two tamper-proof door

actuated interlocks which dis-

connect the radiation source.

A key-operated on/off switch pre-

vents unauthorised operation.

Overall dimensions of the unit

are approximately 35 inches

high x 22 inches wide x 20 inches

deep.

The hopper was built at Wm.

Simons' yard at Renthorn which

shut down about 10 years ago

and it is unlikely that the Clyde

Authority would have gone

to the trouble of having a new

pattern and a casting made and

machined—estimated cost £1,000

plus another £6,000 for stripping

down and fitting.

In fact, the cylinder was re-

paired for less than £100 and the

hopper is back in service.

The repair involved drilling

a series of holes at right angles

to the fractures. Keys made of

a special alloy were inserted in

layers by a pneumatic hand tool

until the depth of the parent

metal was filled. To give a total

height, a further series of apertures

was drilled along the line of the

fractures into which alloy studs

were inserted to provide a rigid

and pressure-tight repair. The

whole repair was carried out

“cold.”

The special alloy keys and

studs were supplied and the

repair carried out by engineers

from Metalloc, Wates Way,

Mitcham, Surrey.

Agents for the machine in this

country are Adeock and Shipley,

Forest Road, Leicester LE5 0FJ.

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and mould making; control path

and equipment, giving hydraulic

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copying in the horizontal plane,

for 360 degrees profiling and con-

couring, but able to operate

three-dimensionally; or giving

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Annual Statement—Continued
SOCIETE
INTERNATIONALE
PIRELLI S.A.
Basle, Switzerland

The Annual General Meeting of SOCIETE INTERNATIONALE PIRELLI S.A. was held in Basle on 5th October, 1971, and the following is a summary of the Report and Accounts for the financial year ended 30th June 1971.

The financial year 1971 closed with a net profit of SFr.15.20.11m. as compared with SFr.24.11m. the previous year.

Activities in the UK
On 1st January this year, the Company entered into association with Dunlop Limited. This association has proved most successful and future prospects are entirely satisfactory.

Sales for Pirelli Limited in 1970 rose by 33 per cent. over those of the previous year. The improved results enabled a gross dividend of 6 per cent. to be distributed.

Pirelli General Cable Works Limited was also able to resume the distribution of a dividend, at a gross rate of 18 per cent. Sales increased by 9 per cent. over the previous year.

Other Affiliates
In Spain, the turnover of Products Pirelli S.A. increased by 5 per cent. in 1970. A gross dividend of 6 per cent. was distributed.

Turnover of the Greek affiliate, Pirelli Hellas S.A. rose by 18 per cent. partly due to an increase in exports. For the first time, a gross dividend of 6 per cent. was distributed.

Due to trade union disturbances, the general sluggishness of the market, the devaluation of Turkish lira and several other factors, the results in Turkey were lower than in the previous year. However, the same dividend as in 1970 was distributed.

Results in Mexico and Peru were reasonably satisfactory and considerable improvement was apparent in Canada, Brazil and the Argentine.

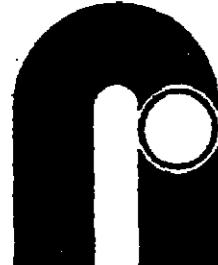
In Italy, Pirelli S.p.A. closed with a small profit. A dividend of Lit.110 per share was distributed. The difficult conditions of last year persist and substantial improvement can therefore not be expected on a short-term basis.

Results
The balance sheet total at 30th June, 1971, amounted to SFr.684.15 m. (SFr.639.48 m. in 1969/70). The increase was due also to new investments in affiliated companies.

It was proposed to distribute a dividend of SFr.12 gross per share, or SFr.8.40 after advanced tax deduction, payable from 7th October, 1971, against coupon No. 11.

The Report, the Accounts and the Proposals put forward by the Board were adopted.

STELLA-META TO JOIN PERMUTT
Stella-Meta Filters will become a division of The Permunt Company on January 1, 1972, as part of the rationalisation of the liquid treatment and engineering activities of the Portals Group.



FIDELITY INTERNATIONAL FUND N.V.

REGISTERED OFFICE: DE RUYTERKADE 2, CURACAO, NETHERLANDS ANTILLES

Notice of Special Meeting to the Shareholders

Please take notice a Special Meeting of the shareholders of Fidelity International Fund N.V. (the "Corporation") will take place at 2.00 p.m. at De Ruyterkade 2, Willemstad, Curacao, Netherlands Antilles on November 25th 1971.

The following matter is on the agenda for this Meeting:
Approval of a new Investment Management Agreement between the Corporation and Fidelity Management and Research (Bermuda) Limited, the terms of which are the same as the existing Agreement with the exception of those related to the management fee. The new Agreement replaces the present annual fee of 0.5% of average net assets plus 10% of appreciation over the year (less any accumulated depreciation) with a quarterly fee payable at an annual basic rate of 1.2% of average net assets with an upward or downward adjustment if the variation between the investment performance of the Corporation and Standard & Poor's Stock Price Index Composite (500 common stocks) exceeds 10 percentage points over a three year measuring period. During the first three years of the Agreement, the measuring period will be from the effective date of the Agreement to the quarterly date of payment. For each 2 percentage points of variation above 10 percentage points the basic annual fee of 1.2% will be increased or decreased by 0.1% depending upon the Corporation's performance in comparison with that of the Index up to a maximum of 0.8% of average net assets annually. The maximum annual fee cannot exceed 2% nor be less than 0.4% of average net assets.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares obtained from the Corporation's Principal Office in Hamilton, Bermuda or from the Banks listed below, not later than 9.00 a.m. on November 25th 1971, with the Corporation at De Ruyterkade 2, Willemstad, Curacao, Netherlands Antilles, against receipt thereof, which receipt will enable said shareholder to exercise such rights.

By Order of the Management
Charles T. M. Collis
Secretary

Julius Baer International Limited
38 Mincing Lane, London, E.C.3, England

The Bank of Bermuda Limited
Hamilton, Bermuda

Julius Baer & Co.,
Bahnhofstrasse 36, Zurich, Switzerland

Car men confident 'now brakes are off'

THE British motor industry was confident now that "the brakes are off," Mr. Gilbert Hunt, managing director and chief executive officer of Chrysler U.K., said in Turin last night.

"This year, our home market has been freed from most of the Government-applied shackles which so restricted our impact at home and abroad over recent years," he commented.

"Now that we are free to get on with our business as real competitors, as much among our own companies as with the very spirited opposition we see from your country and others, we can be confident in our optimistic plans for the remainder of the '70s and beyond."

Mr. Hunt, a vice-president of the Society of Motor Manufacturers and Traders, was speaking at a British motor industry press reception prior to the Turin International Motor Show which opens tomorrow.

"Already this year, U.K. car production has risen by 7 per cent. against 1970," he said. "Our home market will this year pass the 1.2m. mark for the first time ever, and export production will move up from 723,000 last year to near 780,000 in 1971."

Mr. Hunt added: "Undoubtedly the two most important factors during 1971 which will have a beneficial effect on our motor industry are the British Government's Industrial Relations Act which we are sure will go a very long way towards bringing greater industrial stability to our plants, and the decision to enter the European Economic Community.

"We feel the motor industry were among the first to recognise the logic of the Community and the long-term necessity for Britain to play its part in this great free market. We know also that we can contribute and gain greatly in the years to come."

"It is disappointing that some segments of our population have even now not grasped the full meaning of market membership. As industrialists and leaders of our country's biggest manufacturing industry, however, we are sure that the benefits of our partnership with our nearest neighbours will soon become evident, and dispel the remaining doubts of this minority."

Golden Egg properties to be hotel

By Arthur Sanders

GOLDEN EGG is converting its recently acquired King's Road, London, properties into a small, de luxe hotel development. Club Dell'Arte, plus surrounding properties, will become the Golden Egg Hotel, a \$500,000 project, which will retain the club.

The Golden Egg project, Mr. John Bosman, Golden Egg's joint managing director, told me last night, might involve closure of the club for a few weeks. "We will try to keep it as short as possible."

The company bought Dell'Arte from Alvaro Macchioni and Lauro Resta in the summer of last year for \$205,000 in a mixture of cash and shares.

The hotel will have 40 rooms

and thus be added to the 2,000-

plus rooms which the company is

to open in Central London over

the next year or so. Mr. Bosman

has made it clear he has no intention

of indulging in investments

outside the city centre.

Apart from the recent rash of direct hotel investments—including the management contract for the new Selfridges Hotel in London's Oxford Street—Golden Egg bought five Scottish city-centre hotels two weeks ago from Mr. Gordon Currie's Clydesdale and Commonwealth hotel group.

Other figures from the Depart-

ment show that weekly average

cement production in September

was 382,000 metric tons, a rise of

25,000 metric tons on the previous

month and 14,000 higher than in

September, 1970.

Cement deliveries rose to

365,000 metric tons from 334,000

metric tons in August and were

14,000 metric tons higher than in

the previous month last year.

At the end of the month,

cement stocks stood at 493,000

metric tons, a fall of 17,000 metric tons from August and 14,000

metric tons below last September.

At the same time, however, de-

liveries rose to reach one of the

highest points recorded this year,

providing some indication of the

recent upsurge in construction

activity.

During September, deliveries to

customers reached a provisional

629m., an increase of 89m. on the

previous month and a rise of 34m.

on September, 1970.

Actual brick production during

the month amounted to 581m., a

rise of 70m. on August and 38m.

more than a year earlier. Allowing

for seasonal and working-day

variations, September production

was marginally below the average

for the third quarter as a whole,

but deliveries were slightly above

for the month.

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deliveries were slightly above

for the month.

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to Yaounde and other provincial towns.

For information and reservations contact your Travel Agent

For nearest Air France Office.

Tue.	Wed.	Sat.	Wed.	Thur.	Sun.
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3h 30			Rome	arr.	15h 45
0h 20				dep.	16h 35
Wed:			Nice	arr.	17h 25
				dep.	18h 10
21h 10			Marseilles	arr.	
22h 10				dep.	
23h 10			Paris-Orly	arr.	16h 45
00h 10					19h 30
6h 00					16h 45
Thur.	05h 40	18h 30			

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TUESDAY NOVEMBER 2 1971

Setback for U.S. aid

THE INTERESTS of the developing countries have expanded more than received little consideration in three times as fast as its total the manoeuvres of the rich provision of development resources, and that by last year countries over the international monetary crisis. Though the U.S. only accounted for a little over a third of the aid provided by the 16 donor countries, now excluded textiles from their campaign. But above all, whereas it represented very 10 per cent import surcharge, as a result of the voluntary restraints on non-cotton textiles by Japan, Hong Kong, Taiwan and South Korea, a number of developing countries will find their exports to the U.S. seriously affected by the surcharge on other goods: Mexico, Hong Kong, Taiwan and South Korea together account for 70 per cent of total exports from the less developed countries which will be subject to the new tax.

Real dilemma

The suspension of dollar convertibility, and the consequent flotation of most major currencies, has placed the developing countries in a real dilemma, and those which have decided to float their currencies with the pound (they include 22 members of the overseas sterling area) are bound to find themselves at a competitive disadvantage in the U.S. market.

To make matters worse, the foreign aid programme, which was due to be cut by 10 per cent anyway as part of the August 15 package, has now been rejected in toto by the Senate. The story is not over; new efforts will doubtless be made by the Administration to restore the aid programme. But the Senate vote is not one of which Washington can be proud.

Even before last week's debacle, the U.S. was providing less in official development assistance than it ought, in terms of the size of its economy. Last year's figure of \$3.05bn. was the lowest in absolute terms since 1961, and even though private flows from the U.S. to the developing countries reached a new record of \$2.753m., the total provision of private and official aid only represented 0.61 per cent of America's gross national product, which was lower than any other leading donor country apart from Norway.

It is evident that the Nixon Administration feels that the U.S. can no longer afford to provide aid even at the previous level. Yet the fact remains that,

A statistical muddle

THE STATEMENT of the Lou- were previously confined to clearing banks for the specialised subsidiaries. Some month to mid-October shows the same tendencies as before, but some have excluded them in part, and some have excluded them altogether: the result is that the Gross deposits, which rose by figures of deposits and advances £121m. in the previous month, are comparable neither with those of the previous month £497m. Advances, which rose not with one another. This has two implications, risen by £358m. And the First, the sharp overall rise in reserve ratio—the ratio of deposits and advances which eligible reserve assets to tools place during the past month is largely due to this not fall below 121 per cent—special factor, which will continue to operate, and is no guide to the underlying trend of ordinary business. Second, it is not possible at the outset of the new era of competition to compare the performance of one bank with that of another—to evaluate, for example, the effect of the differential rates which the Midland is quoting for deposits of different size or of the cut in Barclays' base lending rate.

Uniformity

It seems to be agreed that the underlying trend of ordinary advances is continuing to rise, by perhaps something between £50m. and £100m. a month, and that the bulk of the new credit is continuing to go to personal borrowers and other purposes connected with consumer expenditure. This, however, is not good enough from the point of view either of the monetary authorities or of the general public. The Bank of England's

liquidity ratio and a relatively low reserve ratio while the precise opposite was the case with the Midland. But there is not yet the experience to show how the reserve ratio will move from one time of year to another and whether the cut paper on the new system of credit control, have been distorted by the transition. There is only a distant relationship, for example, between the old liquidity ratio—which the banks continue to publish because they consider it of commercial importance—and the new reserve ratio: Lloyds in mid-October had a very high liquidity ratio and a relatively low reserve ratio while the precise opposite was the case with the Midland. But there is not yet the experience to show how the reserve ratio will move from one time of year to another and whether the cut paper on the new system of credit control envisaged that as comfortably above the minimum there would in future be uniformity as it seems. The current "greater standardisation and liquidity ratio of 30.5 per cent" in the returns is not abnormally high, with the made by different forms of tax-gathering season only banks. The first set of figures to be issued after that paper

A much more serious source shows such a decline in standard of distortion is the fact that the standardisation and uniformity—banks have adopted different partly caused, no doubt, by the policies about the inclusion in anxiety of each bank to seem their monthly statements of the to be growing faster than its wholesale operations—taking competitors—as to be almost large deposits to be lent on useless. The Bank will have to often for fixed periods—which step in.

India and Pakistan—edging closer to the brink of war

BY J. D. F. JONES, Foreign Editor, and KEVIN RAFFERTY

WE ARE living through an autumn of conspiracy all these factors conspiring to intensify the momentum towards war in the Indian sub-continent. It is party a conspiracy of men—for there are soldiers both in India and (to a lesser extent) in Pakistan who for months past have been deliberately planning their campaign. But above all, it is a conspiracy of events, and their full force—the essential background to Mrs. Indira Gandhi's present visit to London and other Western capitals—can be summarised crudely, in this way.

The monsoon waters are at last subsiding in Bengal so that the heavy artillery which has been moved to the frontier by both sides, as well as the armoured infantry, can move again. The snows will be rising in the Himalayan passes as the month progresses thus relieving the Indian Army's fears of a Chinese intervention in the north. The secret military trial of the East Pakistani political leader Sheikh Mujibur Rahman is now approaching its climax and the Army leaders will have to decide what to do with the man whose Awami League won 98 per cent of the East Pakistani seats in the elections last December for the National Assembly.

Reassurance unlikely

The condition of the 9m. refugees who have fled across the borders into India is giving rise to growing and acute concern and is likely to intrude once again on the attention of world opinion as well as the Indian Treasury. The international "image" of the military Pakistani Government of President Yahya Khan thoroughly and rightly bemused by the events of last March, shows no sign of recovering and the Pakistan allegations against India—*even where justified*—will continue to go unheeded up to the very point of a full-scale Indian invasion of Pakistan. The by-elections which Yahya Khan promised in order to fill half of the East Pakistani parliamentary seats which went to the (now banned) Awami League by huge majorities last December will soon be held, but are unlikely to be any reassurance to an East Bengal population which continues to flee the country at a rate the Indians claim to be 30,000 a day. Meanwhile, the Mukti Bahini guerrilla and sabotage operations continue, even in Dacca itself, on a scale which makes it impossible for the Pakistani Army to pretend that it has fully re-established and "control" in the province.

On paper, the Indian confidence is justified. It has two and a half times as many men as Pakistan in its armed forces (980,000 against 392,000). It manufactures its own tank, for example, the Vijayanta, and its own Mig 21. Its army has 200 Centurions, plus older Shermans and 450 Russian T54 and T55 tanks.

This month of November sees the Pakistan Army by command of war is in a sense to miss the point because in simple fact all older arms bought from there is already a war going on.

Even after recent reports of the Indian Prime Minister, continuous her diplomatic progress with statements of studied vagueness and skillful imprecision, it is at least possible to wonder whether the Indian Government might already have taken the decision to go to war.

After all, a war at once before the New Year—would make good sense from the Indian point of view. In one quick campaign, many Indians now argue, the Pakistani armed forces could be smashed and the Indian Army's fears of a Chinese intervention in the north. The secret military trial of the East Pakistani political leader Sheikh Mujibur Rahman is now approaching its climax and the Army leaders will have to decide what to do with the man whose Awami League won 98 per cent of the East Pakistani seats in the elections last December for the National Assembly.

Moreover, the argument is very strong in military terms, as it apparently appears inside India. The morale of the Indian Army is particularly high and there is no doubt the war fever of much of the population, at least in the northern half of the country. The fear of the Chinese has slowly receded as the Indian Army has built up its positions in the Himalayas and as the shaming memories of 1962 have faded. The recent Treaty with the Soviet Union has encouraged the Indians to believe that Moscow would take care of the Chinese if any diversion were needed, and the visits of the Soviet Deputy Foreign Minister and, this week, the head of the Soviet Air Force, have also encouraged confidence in Russian motives.

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After all, a war at once before the New Year—would make good sense from the Indian point of view. In one quick campaign, many Indians now argue, the Pakistani armed forces could be smashed and the Indian Army's fears of a Chinese intervention in the north. The secret military trial of the East Pakistani political leader Sheikh Mujibur Rahman is now approaching its climax and the Army leaders will have to decide what to do with the man whose Awami League won 98 per cent of the East Pakistani seats in the elections last December for the National Assembly.

Moreover, the argument is very strong in military terms, as it apparently appears inside India. The morale of the Indian Army is particularly high and there is no doubt the war fever of much of the population, at least in the northern half of the country. The fear of the Chinese has slowly receded as the Indian Army has built up its positions in the Himalayas and as the shaming memories of 1962 have faded. The recent Treaty with the Soviet Union has encouraged the Indians to believe that Moscow would take care of the Chinese if any diversion were needed, and the visits of the Soviet Deputy Foreign Minister and, this week, the head of the Soviet Air Force, have also encouraged confidence in Russian motives.

On paper, the Indian confidence is justified. It has two and a half times as many men as Pakistan in its armed forces (980,000 against 392,000). It manufactures its own tank, for example, the Vijayanta, and its own Mig 21. Its army has 200 Centurions, plus older Shermans and 450 Russian T54 and T55 tanks.

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NETHERLANDS III

Quiet year for the banks

By E. DAMEN

The dramatic development in the international monetary field has interfered little with the steady development of the commercial banks in the Netherlands this year. The floating of the guilder, which was decided 3.5 per cent the Swiss franc 5 per cent. As about 30 per cent of Holland's foreign trade is with West Germany, the overall effect of the floating is a deterioration in the terms of trade, which has become an additional source of inflation, now somewhat rampant in the Netherlands.

Common policy

After the dollar was officially disconnected from gold on August 15 the Netherlands and Belgium decided, during one of the many monetary conferences which were held between the members of the EEC, on a common policy which in fact meant that the former official parity between guilder and Belgian franc was to be reinstated. For some weeks during August and September the Dutch banks had to contend with a considerable inflow of Belgian francs. These were passed on to the Netherlands Bank, which added them to the official foreign reserves.

An example is Landry en Van Till in The Hague—a banking house not particularly active internationally—which was taken over by the Amsterdam-Rotterdam Bank.

On the trade front, the concentration of Dutch imports has not progressed much this year. There has been a closer alignment of the agricultural credit banks, which now possess a national network of nearly 3,000 branches. Also a number of small banks have been absorbed by bigger ones.

In view of the economic situation, the guilder was quite a bit weaker than the dollar, per cent.

After the guilder was floated, stable exchange rates ensued fairly quickly for the major currencies. In respect of the Japanese export markets, the guilder is now being transacted at about 2.5 per cent. This situation was quite the reverse of that shortly after World War II, when Dutch exports had been more than 1 per cent, the purchasing rate and the Belgian central bank

had to maintain substantial amounts of guilders to help finance Dutch imports. In this way Belgium, like the U.S. and Britain, unobtrusively but effectively assisted in the recovery of the Dutch economy.

With the emergence of floating exchange rates the Dutch banks' activity in the Euro-dollar market has diminished considerably. Also the commercial banks' balances held abroad have gradually disappeared.

An agreement formulating lending policy has been in force between the Central Bank and the country's smaller financial institutions. Every three months credit ceilings are defined, based on growth percentages—a growth which has gradually been restricted from 10 to 2 per cent. The commercial banks and the agricultural credit banks as a group have not exceeded this ceiling since August, 1970, thus avoiding being compelled to maintain compensatory deposits (carrying no interest) with the Central Bank.

For some months now demand for credit by trade and industry has been diminishing; on the one hand economic activity has been slowing down, resulting in less investment, and on the other the inflow of Eurodollars has caused a considerable increase in domestic monetary liquidity. This was particularly marked during the weeks following August 15. Dollars poured into the country as high-yield bonds were purchased on the Amsterdam stock exchange. As a result the Dutch balance of payments, which should have indicated a deficit on a transactions basis, came to show a marked surplus.

When the national liquidity quote entered the danger zone (an average liquidity quote of 34 per cent has been set as less favourable to stock issued by public companies during the lands Bank) measures were past few years. Shrinking profit

taken to combat the inflow of margins have not, as a rule, been favourable either. As a result trial enterprises. Bankers may not be an exception on the Boards of directors of Dutch industries but they are certainly not the rule. Representatives of the institutional investors, however, are occupying an increasing number of seats on these Boards.



The new section of the Amsterdam-Rotterdam Bank head office in the Rembrandtplein, Amsterdam, is shown here as seen from the River Amstel.

An O-guilder market was set up rapidly, and the O-guilder now sells at a 2.5 per cent premium. This corresponds roughly with the premium the guilder has acquired against the dollar.

Less profitable

While lending by the commercial banks has shown no great increase and has become less profitable as a result of the gradual lowering of the official bank rate (reaching 5 per cent on September 15), the banks' income from stock exchange and issuing activities has remained meagre. The Amsterdam stock exchange, though showing a fair amount of resistance until about the middle of the year, has since turned downward. On the whole the climate on the stock exchange has become increasingly less favourable to stock issued by public companies during the lands Bank) measures were past few years. Shrinking profit

Because of measures which restrict Dutch banks in their lending activities, and because of the relatively modest growth of the banks' assets, industry and trade have been hampered in finding credit and capital on the open capital market or with the banks. Even companies of secondary importance now keep in close touch with institutional investors, such as insurance companies, pension funds, etc.

Dutch banks traditionally have a commitment to arrange such finance, but they have now gradually withdrawn, leaving the provision of medium- and long-term capital increasingly to others.

As a result the Dutch banks simply do not have the means

to provide trading and industry with any major financing.

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	Consolidated Balance Sheet	30.6.1971	31.12.1970
LIABILITIES	FL	FL	FL
Capital	90.125.000	80.125.000	80.125.000
Reserves	114.509.000	103.856.000	103.856.000
Convertible Subordinated Debenture Loan	36.000.000	36.000.000	36.000.000
Deposits, etc.	6.767.497.000	6.022.799.000	6.022.799.000
	7.008.131.000	6.242.780.000	6.242.780.000
ASSETS	30.6.1971	31.12.1970	FL
Cash, etc.	1.212.001.000	908.167.000	908.167.000
Treasury paper etc.	1.568.187.000	1.334.223.000	1.334.223.000
Investments	639.345.000	581.943.000	581.943.000
Loans, Discounts, etc.	3.412.511.000	3.261.374.000	3.261.374.000
Real property	176.087.000	157.053.000	157.053.000
	7.008.131.000	6.242.780.000	6.242.780.000

Strong link

Although the banks' abstinance in respect of industrial shareholding may be traditional, concessions have been made after the country's period of intensive industrialisation during 1945-70. Also, sufficient points of contact were maintained through "personal relations." The strong link which exists in other countries, as a result of direct participation by the banks in the capital of industrial enterprises, has never developed in the Netherlands. The social development which is now emerging more clearly is likely to prevent such relationships in the future. As it is, through taxes and social dues, nearly half of the national income is channeled to the Government first. In spite of this the Dutch saving quota is 18 per cent, no mean performance, even though this figure includes capital investment by the Government.

Enforced savings such as pension contributions and additions to the reserves by industry. As a result the Dutch banks simply do not have the means to provide trading and industry with any major financing.

Foreign investments

By L. A. V. METZEMAEKERS

Traditionally the Netherlands regions have been considered an attractive country for foreign investment, of first priority in the Government's economic policy. Equal to this were the geographical location on the North Sea with a whole country and an equal ready access to the main European inland waterways and advantages of industrialisation roads, an excellent communications network, a favourable international climate due to a long history of international trade, the presence of a number of multinational companies such as Philips, Royal Dutch, Unilever and AKZO and a wide spread knowledge of foreign languages, in particular English, among the population.

Exact figures for the amount of foreign investment as a proportion of the total are not available. The U.S. share was estimated at about \$1,300m. in 1970, representing about 12 per cent of the total U.S. investments in the EEC countries. Since 1958, when the Common Market was set up, direct investments from member countries, in particular from Germany, have increased considerably.

It has been Government policy since 1950, to stimulate foreign investments as an important factor in the industrialisation process, one that is needed as a result of the rapid increase of the population and the loss of the East Indies. Financial incentives have been given by the State for investment in underdeveloped areas in the Northern provinces, and in the south of Limburg, where the coalmining industry was due to be terminated. Up to 25 per cent of the initial investment costs can be paid to foreign and home companies alike.

Another reason for the current financial situation in the Netherlands is another reason for a restrictive policy. The present Government is studying methods to regulate investments in general, including foreign investment. The possibility of raising capital locally is very limited, due to the credit squeeze and heavy Government loans as a result of budgetary difficulties. In this respect there is non-discriminatory treatment of foreign investors. As a result of a ruling of the EEC Commission in Brussels, the monetary authorities had recently to abolish the existing regulation that foreign investors had to import at least 50 per cent of the capital invested from abroad.

The present outlook for foreign investments are far from

bright, as is the case with all investment activities. Foreign labour workers still come but in decreasing numbers. The Government is convinced that further immigration is undesirable because of existing overpopulation, the continuing housing shortage and the social problems of adaptation.

During last few months, however, the economic activity has been stagnating and the labour shortage is diminishing rapidly. In view of the concentration of unemployment in particular areas of the country, it is not unlikely that in the near future the Government will be forced to stimulate industrialisation in these areas and make foreign investment in a limited number of industrial sectors (so-called clean industries) more attractive.

From the U.K. there is increased interest in takeovers of companies willing to invest in Dutch firms or participation in the economically more attractive them. A growing interest in Dutch firms can be expected to

Labour shortage is still a big open capital sources from the U.K. or other countries.

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NETHERLANDS IV

Huge successes in energy production

By ADRIAN HAMILTON

After a decade of rapid increase of nearly 17m. tons on being expanded; BP, Chevron and Shell are all undertaking substantial programmes to increase their refinery capacity. The basic marketing policy has rested on an early build-up of supplies through bulk sales to industrial consumers and the electricity industry, coupled with a pricing policy in which the price of gas is pegged to that of industrial fuel oils with a certain ceiling. Despite the relatively high price that this has entailed, the industrial value of gas in terms of quality and pollution-free factors as well as availability has encouraged strong demand in most sectors. Production has increased from some 330m. cubic metres to 31,400m. cubic metres last year and is expected to more than double over the next few years to a level of around 80,000m. cubic metres in 1975. By which time it is likely to account for as much as half of Western Europe's total production.

Internally the dominating factor in the Netherlands has been the rapid build-up of natural gas reserves in the country are now estimated to be 2,000 billion cubic metres. The bulk of which is concentrated in the northern part of the country in NAM (50 per cent Shell, 50 per cent Esso) concession. The gas is produced by a financial partner in which NAM holds 60 per cent and the Dutch State Mines 40 per cent, and the Dutch State Mines a further 25 per cent.

Last year, for instance, the Netherlands as a major import country imported some 87m. tons of crude oil, compared to 48m. metric tons in 1969, and exported 37.6m. tons. an into Germany and Belgium are

per cent. and the Netherlands Government, 40 per cent.

The basic marketing policy has rested on an early build-up of supplies through bulk sales to industrial consumers and the electricity industry, coupled with a pricing policy in which the price of gas is pegged to that of industrial fuel oils with a certain ceiling. Despite the relatively high price that this has entailed, the industrial value of gas in terms of quality and pollution-free factors as well as availability has encouraged strong demand in most sectors. Production has increased from some 330m. cubic metres to 31,400m. cubic metres last year and is expected to more than double over the next few years to a level of around 80,000m. cubic metres in 1975. By which time it is likely to account for as much as half of Western Europe's total production.

Gas supplies

About two-thirds of present output is consumed within the country and gas supplies, at 22m. metric tons of coal equivalent covered nearly 30 per cent of the country's energy requirements, against 34m. tons coal equivalent for petroleum and 7m. tons for coal. Of the total of over 2,000 billion cubic metres of recoverable reserves in the country, over 1,800 billion are in Groningen, whose production is now virtually committed until 1990.

NAM has found further fields at the north and south-east Drenthe 20,136m. cubic metres of gas in the Twente region, while sold in the Netherlands last year, a high proportion went directly to industry and a total of French companies and the over 4,000m. cubic metres Chevron/Texaco partnership remains potentially much

Bergen and in the Friesland prices of competitive fuels have

With new conversion and power plant coming into service have been calculated at over the last two years.

Recent finds

Outside of this, gas strikes have been made by NAM in north Holland and near Groningen and Petroland, and the total production and, as the major contracts build up to full flow in 1974-76, the total should reach a level of about 14,000m. cubic metres, or half total production, with some 14,000m. cubic metres going to Germany; about 10,500m. going to Belgium; 9,000m. to France; 6,000m. to Italy and 500m. to Switzerland.

The positive effect on the Netherlands' balance of payments, both in terms of import substitution and exports, is already about Fls. 1,250m. a year and, with the rises in general energy prices, is likely to be nearer Fls. 3,000m. by the middle of the decade.

But if the Netherlands, there remains in a phase of very considerable expansion in the energy sector, it is also entering a period when the pace of

change will soon start evening out. Of the total of over 2,000 billion cubic metres of recoverable reserves in the country, over 1,800 billion are in Groningen, whose production is now virtually committed until

The discovery of major natural gas reserves within its boundaries, indeed, could hardly have been better-timed from the Dutch point of view. Despite threats of competition from Russian gas and LNG from North Africa, the demand in Europe

With new conversion and power plant coming into service have been calculated at over the last two years.

Motorway system expanding fast

By Th. H. JOEKES

The construction of the motorway construction and planning in the Netherlands. A recent departmental publication on transport planning for the year 2000 contained the following illustration of what will be in store for Amsterdam if the forecasts for 800,000 inhabitants and 375,000 cars (one to 24 inhabitants) are realized. If all these vehicles were parked in four-storey garages, the sites required would cover 750 acres or nearly two-thirds of the present city area inside the outer horseshoe of the old canal system.

The second major element is connected with the first.

The traffic problem, it is now felt by those responsible for planning and policy, will never be solved and only grow more pressing year by year unless private and public transport are closely integrated and treated as complementary rather than competitive, as at present.

The new Minister of Transport, Dr. Willem Dress, has just announced that plans are being worked out for a General Transport Fund. This would not only be used as a source of finance for rail as well as road construction in and between towns; it could also serve to channel part of the motor tax surcharge (and perhaps part of the petrol duty) yield into public rail and bus services, which now operate at a loss.

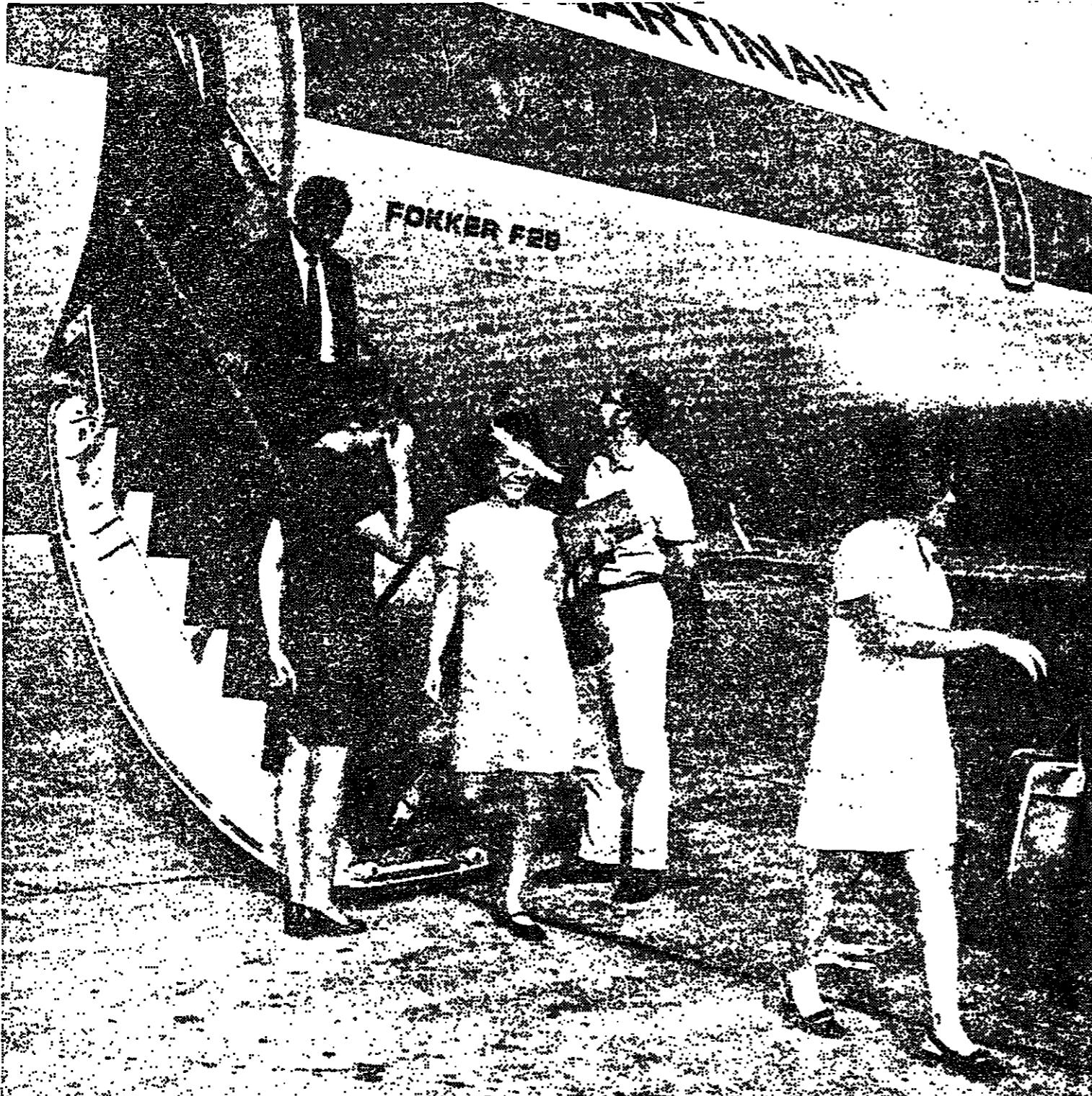
Some private motorists would undoubtedly regard this as a retrograde step. It would also be hotly contested by the road hauliers, who already tend to think that their fiscal position at home is little help to them to put it mildly, in their fight against both commercial and (unfair) official competition on the roads and railways of Germany and beyond.

National network

But the Dutch transport planners are nothing if not forward-looking. Where applicable, the national motorway network has been deliberately redesigned from the earliest possible moment to fit into the larger European network of E-roads. Such futuristic schemes as the electronic guidance of electrically-propelled private road vehicles have been under active study here for a number of years. It is the authorities' declared intention to apply differentiated pricing mechanisms to parking and the even to driving as soon as the necessary counting and metering apparatus has been perfected.

These figures only refer to the motorway programme. Comparable sums of money are spent annually on other main roads, provincial roads and along the motorways which streets in built-up areas. Two major elements are receiving some years ago. Until then, Mr. Janssen the local fruit grower, relation between motorway could drive his old Mercedes and traffic in towns and from his farm near Arnhem to parking space near popular recreation centres. Urban congestion has grown enormously in the past decade and is now beyond the horizon: "E-36 metres that the end of the road 1,000

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NETHERLANDS VI

Political problems for the ports

By ROBERT HAWKINS, Editor, Seatrade

Rotterdam-Europoort had again the another record year in 1970, despite an unprecedented strike and a certain amount of congestion. If the port has any real problems they are political and connected with pollution fears. Amsterdam, on the other hand, had another glut year. Its problems are practical and connected with the IJmuiden Lock, which admits nothing bigger than 80,000 g.r.t. via time-consuming entrance channels. The port personnel are lively and willing, the port equipment more than adequate, but the necessary finance for infrastructure development below IJmuiden is slow in coming forth.

But the age of giant tankers has brought problems of draught to Rotterdam-Europoort itself. Throughout its rapid growth story, which began after the war, the port has never been denied finance for necessary infrastructure, for as the chief service port for Europe the Dutch Government has always taken the view that what is good for Europe is good for Europoort, and consequently good for the Netherlands. Only this year a new deep channel was opened to safely admit very large crude carriers (VLCCs) of 250,000 d.w.t., and there is every indication that the Government is on the verge of plunging into even deeper waters by dredging the approaches several miles out to sea to accommodate ships of up to 500,000 d.w.t. Behind the scenes there is a serious move to promote the building of wide-beam shallow-draught VLCCs that need "only" 72 feet of clearance against the present 65 feet available at Europoort. Capital for dredging that depth would be forthcoming, but for further depths up to 96 feet dredging would be ten times more expensive. The outcome may be the appearance of a "Europoort VLCC" of considerable economic importance to Europoort and other ports with draught problems.

The question of oil is central to the Dutch port and industrial scene. Rotterdam, heavily endowed with refineries and related chemical plants, is the centre of a network of pipelines to surrounding countries and cities. While Amsterdam, Flushing and Antwerp in the immediate vicinity have given up any aspirations to accommodate VLCCs, they stand to benefit industrially from Rotterdam's oil services. The anti-pollution lobby is discouraging the industrialisation of reclaimed areas to the south of Rotterdam, the prime example being the indecision over whether to go ahead with the massive Hoogovens-Hoesch steelmill, on the expensively reclaimed Maasvlakte.

Antwerp and Flushing are now developing oil centres, but this year of the Verolme concern with the Rijn Schelde

high revenue general cargo, and there some years ago has still not had remarkable success in attracting petrochemical plants. The city's one advantage over Rotterdam is that its labour resources are not stretched as far. But the Dutch branch of Imbucos consulting firm in Amsterdam, on the other hand, had another glut year. Its problems are practical and connected with the IJmuiden Lock, which admits nothing bigger than 80,000 g.r.t. via time-consuming entrance channels. The port personnel are lively and willing, the port equipment more than adequate, but the necessary finance for infrastructure development below IJmuiden is slow in coming forth.

But the age of giant tankers has brought problems of draught to Rotterdam-Europoort itself. Throughout its rapid growth story, which began after the war, the port has never been denied finance for necessary infrastructure, for as the chief service port for Europe the Dutch Government has always taken the view that what is good for Europe is good for Europoort, and consequently good for the Netherlands. Only this year a new deep channel was opened to safely admit very large crude carriers (VLCCs) of 250,000 d.w.t., and there is every indication that the Government is on the verge of plunging into even deeper waters by dredging the approaches several miles out to sea to accommodate ships of up to 500,000 d.w.t. Behind the scenes there is a serious move to promote the building of wide-beam shallow-draught VLCCs that need "only" 72 feet of clearance against the present 65 feet available at Europoort. Capital for dredging that depth would be forthcoming, but for further depths up to 96 feet dredging would be ten times more expensive. The outcome may be the appearance of a "Europoort VLCC" of considerable economic importance to Europoort and other ports with draught problems.

The world's biggest port, therefore, has a head start in the new European race, but Hamburg and Bremen are willing competitors. Antwerp eager to snap up dissatisfied customers, a dark horse for the big port, though, is Le Havre which is becoming increasingly ambitious in the container sector, and the French Government is said to be willing to aid construction of an oil terminal owned by a consortium of P and P, Nippon Yusen Kaisha, Hapag-Lloyd and others, who makes up the biggest joint container terminal operation anywhere in the world. Under the name of TRIO, it will operate the N.V. Unitec terminal. It is significant that these giant operators have considered Europoort a must for the European side of the venture.

Head start

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Strike effects

In 1970 Rotterdam-Europoort handled in the region of 215m tons of oil, an increase of 18 per cent on 1969 despite a strike of 100m tons of general cargo workers which joined with the local outfit to save tankers the trip cost the port about 1m tons of Nedlloyd, to operate the new English Channel to Rotter-

Mergers among shipbuilders

By R. F. GIBNEY, Seatrade

Shipbuilding in the Netherlands, as in most other European countries, has taken great strides forward during the past five years. Dutch yards are fast building for themselves a reputation for versatility. Since 1969 they have won export orders for passenger liners, container ships, dredgers, ferries and supertankers. The high level of skills inherent in the industry has had to carry the shipyards through the financial difficulties which have plagued many leading shipbuilders. The skill and the capability to construct specialised types of ships being harnessed by rationalisation of the yards, mainly in the form of mergers and co-operation.

Antwerp and Flushing are

the amalgamation earlier

this year of the Verolme con-

cern with the Rijn Schelde

group of yards means that the potted hull somewhat vertically into the water. A group of shipyards, has at least one combine comparable in size to some of the leading Japanese companies. Lands are to construct automated steel-working facilities. The plant, known, currently holds shipbuilding contracts for 32 vessels totalling nearly 42m deadweight tons—over 90 per cent of all tonnage now on order in Dutch yards.

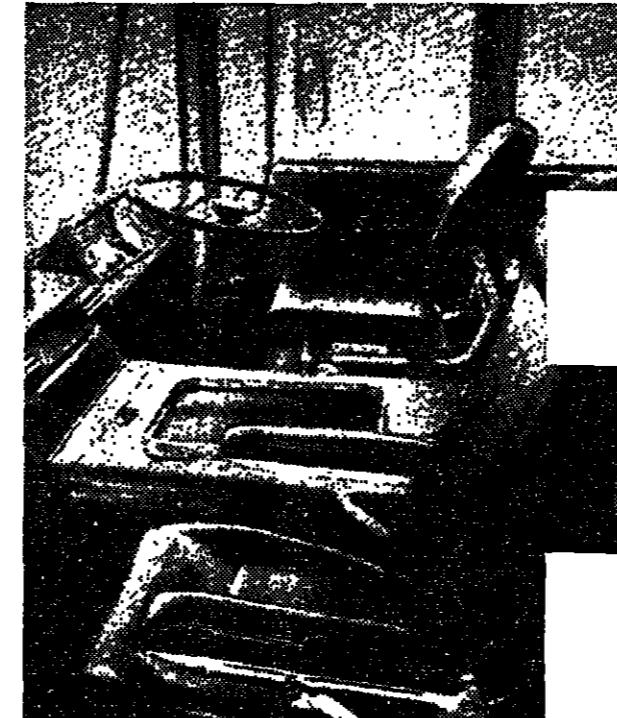
In the North, a number of shipyards have formed the Groningen, several yards have established NV Scheepswerf Groningen. The plant, unlike some European countries, where output is almost entirely of relatively low-value bulk vessels, specialisation in ship types such as ferries, container ships, general cargo vessels and dredgers, meant that the Dutch output has been fairly valuable a foreign currency earner. 90 per cent of new vessels obtained during the boom 1970 was from overseas.

led, the Dutch Shipbuilding Association to express its concern at the low level of industrial contracting, which, if high, would provide a natural additional source of new work for the yards.

Output has more than doubled during the past years. In the first nine months of 1967, Dutch shipyards completed 240,000 gross tons. Between January and September of 1971 just under 500 gross tons was finished by industry. The 105 per cent rise in tonnage completed compares favourably with the 64 per cent during 1967-71. According to Lloyd's Register of Ships, the total order book of Dutch shipyards stood at 174,000 of 245m gross tons as at September 30. This compares with the 185 vessels of 2.15m gross tons on order a year ago.

Of this total the RSV combine holds contracts for super tankers in the 225,000 d.w.t. range, all foreign-flag registration. Yards currently have 25 container and roll-on, roll-off on order. Apart from present depressed state of market for new contracts, other factor which gives concern among Dutch builders is the question of Government interest in shipbuilding.

Zaanlandse has announced a major investment scheme which will also provide for "covered in" shipbuilding. Expenditure of nearly £4m. will give Zaanlandse what it considers will be more like a motor vehicle assembly plant credit was reduced by 4 per cent to 34 per cent in October. Utilising unique "keelcarriers" which will run on railway lines, a ship will be built gradually as it makes its way towards a 4,000-ton-capacity "ship-lift" which will launch the com-



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Lo-lo, it's

ms
NETHERLANDS VII

Shippers threaten to abandon Dutch flag

By ROB VAN MESDAG

"Reduce tax or we leave" shipping amounts to £180m—a that asking for a subsidy can this same attitude of mind which is most valuable contribution. And be interpreted as a sign of weakness. Besides it is doubtful whether such a request would be granted in view of the disappearance of shipping from the Netherlands will affect such related activities as shipbuilding, ship maintenance, use of Dutch ports, recruitment of Dutch personnel, taking in of Dutch-produced stores, as well as losing prestige. The value to the State of these "imponderables" is impossible to assess. But as H. R. Hoekstra, KNRV's director, put it: "Surely the Government realises that its inland revenue department is in a position to arrest its downward trend in the industry's major shareholder." A third point, namely that of all people in the world shipowners are the ones who can most easily change the location of their activities, presumably no longer needs making. For this reason the Dutch shipping world contends that: "To agree to our proposal will cost the Government nothing. But if it does not, and we leave, the consequences will be disastrous."

The question now is whether the Government is likely to agree to a concession such as the one proposed. It would be contrary to the principles of Justice, in a State where for the whole of industry only one rate of corporation tax applies. An exception would set a precedent. This committee concluded that Dutch shipowners do receive Government assistance, but this is usually given in the form of a grant. In the opinion of the KNVR this would not provide a satisfactory solution. Said Hoekstra: "Our industry does not want to come to the Government cap in hand." His services had been retained for this reason. Finally, it had been new ships on order by Dutch

companies is greater than Holland's share in world tonnage currently available. So at least there's hope. History tells us that in the 17th Century Holland's fleets comprised 35,000 ships. The country at that time dominated world trade. Such a position could hardly be achieved to-day. Yet Dutch shipowners are hopeful that the benefits so evident from the "live-and-let-live" policies of yesteryear will not be forgotten by the politicians of to-day. Dutch shipping faces intense competition often associated with discriminatory action towards so-called traditional maritime nations of which Holland is one. If the country is to play its part in this struggle, its shipping industry must have greater freedom from taxation. Hence its plea: "For the good of the country, give us a chance."

Apart from the opportunity of escaping Dutch taxation without hindrance to themselves, there are other reasons why Holland's shipowners are in a position of (some) strength. During the past five years changes have taken place inside the industry to arrest its downward trend in world shipping and eventually to reverse it. Signs are that these attempts will succeed. While Dutch shipping until the early sixties was reluctant to change, some radical thinking has been going on since then. This process was begun by members of the KNVR themselves who in 1967 agreed to a detailed and thorough self-analysis of their industry to be undertaken by a neutral committee of shipping, accountancy, and economic experts under the chairmanship of Mr. J. J. Oyevaar, formerly Chairman of the Board of PHS van Ommeren.

Financial risks

In seeking such co-operation, the KNVR feel that Dutch shipping has fully accepted and indeed implemented the Oyevaar recommendations, and that management's philosophy has changed accordingly. To meet the heavy demands on capital for new ships, and to increase their strength in the market place while improving administrative efficiency, Holland's leading shipping companies have pooled their resources, merged, risks. Also, that because of a or formed consortia on a national and international basis. One positive result of this has been that the total tonnage of new ships on order by Dutch

Pace hots up for liquor trade

By KENNETH GOODING

This trend is also noticeable when looking at the total tonnage of new ships which Dutch companies have on order: this amounts to 4m. tons. Yet only 6m. tons of this total will be registered in the Netherlands. The Dutch economy will therefore not be able to reap the benefit of the remainder. This is the strongest argument with the Dutch Holland's shipowners have in support of their case. They now that should the industry forced to "emigrate," the Netherlands' balance of payments will be brought out of attack. The Common Market reasons for this move. But the

past two years have seen quite a shake-up of the brewing and distilling industry in the Netherlands, and it is no coincidence that the changes began to take place around the time that Allied Breweries, one of the two biggest concerns of its kind in Britain, became the first of the UK brewers to gain a Continental base from which to market its beer to the EEC market. This seemed to leave little room for further mergers in the brewing industry, because the announced it was taking over Breda, the two major remaining group now accounts for about 55 per cent. of the Dutch beer market. Oranjeboom (plus Breda) claims around 20 per cent., while the rest of the trade is split between Grolsch, with some 10 per cent. and a number of small fry.

Heineken is, therefore, the giant of the Netherlands drinks business. It sold £67m. worth of beer last year, not only in Holland but in many other parts of the world. For it markets one of the world's leading brands, often producing on the spot in other countries, mostly with local partners. The brand is now also well-established in England and Wales where in the past two years it has captured 21 per cent. of the draught lager market. This followed a deal with Whitbread, third-largest of the British brewers, which pays royalties for the use of Heineken's production know-how and the use of its world-famous brand name.

An indication of how Heineken continues to build up its position in the Netherlands comes from the fact that its domestic sales were up 20 per cent. last year during a time when the beer market as a whole advanced by 10 per cent.—quite a fast growth rate. But at 5.6 litres per head annually, the Dutch market is still well below the corresponding figures for Germany, Belgium, and Denmark. At the same time Heineken managed to clock up an 11 per cent. increase in exports last year.

Profitability knock

Profitability in the domestic market for all brewers took something of a knock because of rising costs and back-dated wage increase in 1970 that could not have been accounted for in forward planning. But early this year price increases were allowed for both beer and soft drinks and this alleviated the position to some extent.

The setback was particularly disappointing for Allied, which had seen its plans race ahead before the wage increases took some of the steam out of the situation. From the outset there had been complete harmonisation of production between Allied's two new acquisitions—one supplies draught beer and the other bottled. On the marketing side the sales forces welded together almost overnight.

The Heineken-Amstel merger had brought Allied a bonus in

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Continued on next page

MINING NEWS

Poseidon keeps its powder dry

BY KENNETH MARSTON

THE LATEST quarterly report from Poseidon can best be described as a progress report in the sense that it records only the further steps taken towards the exploitation of the Mount Wimarras nickel deposit in Western Australia. The new partners, the American's Union Oil Company and Hunt Nickel Companies who have made what is believed to be a similar find to the south.

It contains no new outstanding drill results, no reserves or details of financing and production plans and if Poseidon is reaching the stage with such a "sensational" news item, it may be that the fruits will be saved for the meeting which should be due next month. One of these could be the official disclosure that the company has repaid its \$10.5m. (£4.6m.) loan from Anglo American Corporation.

No water problem

The latest report is still important. It tells, for example, that in this arid area sufficient water has been indicated to supply both the township and the mine. At the moment there are problems and expense of piping supplies from far distant sources. Then, too, metallurgical test work has shown that a minimum recovery of 85 per cent. can be obtained at a concentrate grade of 15 per cent. nickel from ore below the 1,000 feet level.

Nautilus seems to have recent value rumours. Poseidon states that recent drilling has confirmed the previous estimates of indicated ore reserves and tonnage. It has also found modest, but worthwhile, copper values ranging up to 0.32 per cent. in the nickel ore at the Mandarts Well section of the property. And the overall oil picture continues to grow while nickel marketing discussions continue.

Pending the exploitation of its nickel resources, Poseidon is drawing income from the Young Burras copper mine in South Australia. Only 60 per cent. of the ore mined is being treated by the chemical section of the plant, the rest being stockpiled for future heating section is available. Poseidon makes solid progress, but in the absence of sensation the shares fell 40p to 680p yesterday.

SILVER VALLEY COAL DEAL

Agreement in principle has now been reached between Silver Valley Minerals and the Hanwright iron-ore group on a joint venture to develop the former's Mawson coalfield and loading facility in New South Wales.

A holding company, to be 60 per cent. owned by Hanwright, and 40 per cent. by Silver Valley, will have the right to mine all underground coal either owned by or applied for on behalf of Silver Valley which will retain the rights on the Nimby freehold area.

Silver Valley will be paid 5 cents (2.3p) per ton royalty on all coal and gravel mined and

Fall in Inco's earnings

HARD on the heels of the weekend news that it is cutting nickel production by 15 per cent. in 1972, following the 7 per cent. reduction announced in August, Canada's International Nickel reports that September quarter earnings have dropped to \$23.7m. (£14.9m.) compared with \$35.2m. in the same period of last year.

The total for the past nine months is down from \$260.4m. (£164.5m.) equal to \$1.91 per share, compared with \$160.7m. or \$2.15 per share, a year ago. A final quarterly dividend of 25 cents makes a total for 1971 of \$1.40, compared with last year's \$1.40. It is pointed out that earnings have been helped by non-refund tax refunds amounting to \$6.7m. and the recently announced 10 per cent. reduction in the company's corporate income tax. Otherwise, the company has continued to feel the effects of the fall in nickel sales caused by lower copper prices and higher production costs.

But the chairman, Mr. Henry S. Wincup, says: "In recent weeks, orders for rolling mill products, and to a lesser degree for primary nickel, have increased slightly. In some markets, and there are indications that the level of the company's sales may have touched bottom in the third quarter." Prior to the latest third quarter results, Inco were 4 down at £123 in London yesterday.

F. DAGGA FONTEIN

Normal production is expected to be resumed by November 8 at the Anglo American Corporation group's East Dagga Fontein gold mine following a shaft accident on October 22 when a skip left the guides. Provided there are no further setbacks the mine expects to meet its grade and tonnage targets by the end of the year.

MINING BRIEFS

MOUNT NEWMAN—from the mining operations in Queensland, Mr. Newman, has halted again. The Newman workforce has gone on strike and the Port Holland workers have been stood down. ANGLO AMERICAN CORPORATION—The group's East Dagga Fontein gold mine following a shaft accident on October 22 when a skip left the guides. Provided there are no further setbacks the mine expects to meet its grade and tonnage targets by the end of the year.

PAHANG CONSOLIDATED—October 1. Lode tin concentrates produced and sold 2,361 metric tons. (September 286 tons).

(net), for a six month accounting period.

The combined Britannia Commodity Plus fund is now worth £6,000,000.

UNIT TRUSTS

BRITANNIA COMMODITY PLUS

The merger of Castle Commodity Plus Units into Britannia Basic Commodities Fund to form Britannia Commodity Plus Units became effective on September 21 and the first distribution payments to unitholders since the merger are being made on November 1, 1971.

For former Castle Commodity unitholders the distribution is 90.35p gross per 100 units (60.57p net) for a four month accounting period and for former Castle Commodity Plus unitholders, the distribution is 153.31p gross per 100 units (93.90p net).

MAYSON GROUP LIMITED

Forecast substantially exceeded

Salient points from the Statement by the Chairman, Mr. R. E. Mayson.

* I am pleased to report that the consolidated profits of the Group are £897,930 and have exceeded the forecast made in the Prospectus for the secondary issue in December 1970 by £227,930.

* Although the Offer for Sale increased the issued share capital of the Company substantially, earnings per share have risen from 8.4p in June 1970 to 15p per share. The net assets of the Company have increased from £325,014 to £2,111,664 over the same period, giving a net asset value per share of 58.6p against 22.9p.

* In spite of the unexciting state of the construction industry during the past year, the demand for our heating products has been continually improving. Our expansion programme has proceeded as scheduled and we have been able to take advantage of the benefit of higher volume production. This has reflected in our increased profitability. The corporate strategy of our Company is so planned to take the maximum advantage of the growth potential in the industry of environmental control of our homes and work places.

* Results of the first quarter indicate that the Group will achieve profits well in excess of £1,000,000 for the current year.

THE YEAR AT A GLANCE

	30.6.71	Offer for sale forecast	30.6.70
Sales	£5,446,208	—	£1,905,385
Profit before tax	£897,930	£670,000	£25,128
Dividend per share	6.5p	6.0p	4.75p
Earnings per share	15.0p	10.0p	8.4p

£97.5m. claim for teachers proposed

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A £97.5m. pay claim next year for more than 300,000 schoolteachers in England and Wales was proposed yesterday by the 13,000-strong Assistant Masters' Association.

The proposal, for increases averaging 15 per cent., caps the claim at 10.7 per cent. under the AMA scheme, compared with the 23.7 per cent. which the NUT's flat-rate recommendation would give them.

The 13.7 per cent. average claim recommended by the executive of the NUT, the largest teachers' union, would consist of a flat-rate increment of £1,370-£2,540; £1,670-£2,670; £1,20-£3,120; and £2,540-£3,500. In the first three, extra pay for graduates with good academic distinctions would be the maximum to £2,580, £2,720, and £2,870 respectively.

The two sets of pay proposals are to be discussed soon at special conferences of the respective unions. However, the battling over which the schools' official claim in 1972 will not start until the unions' panel of the Burnham pay-negotiating committee meets later this month.

Turnhouse improvements 'will mean more safety'

THE new runway and terminal buildings planned for Edinburgh's Turnhouse Airport would provide greater air safety, more modern aircraft and improved facilities for East Scotland. It was claimed by the British Airports Authority at a public inquiry into the proposals in Edinburgh yesterday.

Mr. John McCluskey, QC, also said in his opening speech that the proposed 8,600-foot runway would mean different flight plans for aircraft, avoiding crosswinds and other flight hazards marring the present airport.

Outlining the benefits of the 29.5m. plans, expected to be completed by 1973, Mr. McCluskey said: "Aircraft are out of use often because of poor visibility and lack of more sophisticated instruments landing at night." Combined problems led to diversions and disruptions of services, inconveniencing thousands of people during the year.

"The present facilities at the airport are not worthy to serve the Scottish capital. Operators have to continue to use old-fashioned aircraft."

Sites throughout the country have been considered by the company and although it is believed that the DTI has suggested several alternative locations more likely to assist in its regional development strategy, Christiania is attempting to convince the Department that its final choice is most suitable.

LONG-RANGE FORECAST

Mild November expected

NOVEMBER will probably be mid—especially in the first half, according to yesterday's long-range weather forecast.

Rainfall is expected to be generally near average, but it will be below average in South-east England, and above average in West and North Scotland.

The mean monthly temperature is expected to be above average generally, but much as in South-east England and South Scotland.

Rather unsettled weather is likely in northern districts but in southern and central areas, it will probably be mainly dry with some night and morning fog.

In most areas it is likely to be much warmer than usual in the first half of November.

INTERIM STATEMENT

STEEL BROTHERS HOLDINGS LIMITED

GROUP INTERIM FINANCIAL STATEMENT

RESULTS

The directors at their Board Meeting held on 1st November, 1971, declared:

(a) An interim dividend for the year ending 31st December, 1971 at the rate of 7.1% on the issued Ordinary Shares of the Company. This dividend will be paid on 31st December, 1971, less income tax, to shareholders on the Register at the close of business on Monday, 29th November, 1971. This compares with the same amount paid as an interim dividend for 1970.

(b) Dividends on Preference Capital and Interest on Unsecured Loan Stock will be paid to 31st December, 1971, less income tax, to stockholders on the Register at the close of business on Monday, 29th November, 1971.

RESULTS

Actuals

Year Ended

31st December Unaudited figures for six months to

1970 £ 1,031,708

Interest on Loan Stock... 96,572*

945,136

Taxation less overspill:—

Current period 142,049

Previous Years (37,721)

104,328

239,537

49,742

189,795

Dividends on Preference and Preferred Capital 25,062*

Profit attributable to Ordinary Shareholders 163,733

131,880

* Changes in the capital structure of the Company which took place on 31st July, 1970, account for the comparative differences.

(1) The results to 30th June 1971 represent six months trading for each Group Company and the comparative figures for the previous year at 30th June 1970 have been adjusted to the same basis. The comparative figures at 30th June 1970 have been increased by excluding extraordinary expenditure on closing branches in Chittagong and Calcutta which in the year's results were charged to Reserves and not to Profit for the year.

(2) The actual results for the year 1970 as published have been adjusted to exclude pre-acquisition profits so as to compare with the half yearly figures.

The Group profits for the half year before taxation and interest charges on loan stock are marginally down as compared with the profits for the same period of last year as a result of reduced income from Pakistan and from Western Australia where trading conditions are difficult but other areas are doing well. While it is too early to give an accurate estimate of profits for the full year present indications are that they will not be less than those for 1970.

By Order of the Board
J. G. McCulloch, Secretary.

1st November, 1971.

INTERIM STATEMENTS

INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA

DIRECTORS' INTERIM STATEMENT FOR THE HALF-YEAR ENDED 30TH SEPTEMBER, 1971

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DIRECTORS' INTERIM STATEMENT FOR THE

AFRICAN BREWERIES
LIMITED
STATEMENT FOR THE
THIRTY-THREE MONTHS
ENDED 31ST MARCH
1971
Half-Year
Half-Year
R5,155,000
52,000
62,000
R6,154,000
R4,952,000
58,000
43,000
16,000
139,112,785
44 cents
33 cents

Financial
Times
Survey

FORK LIFT TRUCK HIRE

Business is now well established

By PETER CARTWRIGHT, Midlands Correspondent

South Africa during 1970, a year that started with a worth of orders the industry spans small hand-operated stackers to 40-ton capacity side-loaders costing up to £60,000 for the steel and pre-stressed concrete industries. Something like three-quarters of the market is covered by fork and reach trucks in the 4,000-8,000 lbs capacity ranges. Almost 90 per cent of output has been one in five and in the

years to come, the market for plant hire is likely to be well established. The weakness in world markets, although there has been little or no opportunity, therefore, for switching production to overseas markets. With export business accounting for about 30 per cent of turnover across the industry, the dual impact has been correspondingly severe.

No real surge in activity is foreseen before the spring and a fuller recovery may not show itself until the third quarter. The industry tends to follow the general cyclical pattern of the machine tool industry at a distance of about six months in a recession, but precesses machine tools when an upturn begins.

Until the recession has run its course it will not, of course, be possible to measure its impact on the industry statistically. That sales across almost the whole range of equipment have plummeted to something like half is clear evidence of the depth to which it has gone. However, the overall picture may be better appreciated if the current level of activity is set against the background of a strongly expanding industry.

In 1958 only 6,000 fork trucks came on to the U.K. market. Despite the setbacks of 1962 and 1967 this figure had quadrupled

to 24,000 by the end of June production was up only marginally at 12,256 in the first half of the year compared with 12,566 in the corresponding half of 1970.

That first half of the year, however, has seen a substantial amount of destocking to take account of the lower flow of orders and production.

At the end of the year is expected to show a relatively sharp drop.

The three to five months'

period of uncertainty over the present and

future of the industry is reflected in the fact that the industry is subject to much the same economic cycle as the machine tool industry.

It is, after all, an investment in the future, and it is the same economic cycle as the machine tool industry.

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Making profits proving a tough proposition

By KENNETH GOODING

Like much of the plant hire year of business and made a pre-industry, fork lift truck hire is tax profit of £1,540. In the as follows 1960, pre-tax profits fairly new to the U.K. but it has following years the profits pro-already attracted a few special lists. One feature of 1970 was £55,037; 1982, £41,954; 1963, £116,596; 1965, £116,898; 1966, the fast growth of fork lift truck £38,709; 1964, £112,254; 1967, £135,787; 1968, £137,574; 1969, £189,590; 1970, £12,511; 1971, £159,606; 1972, £237,337; 1970, to some extent, on the construction side. So far three companies have sold their shares to the public on the strength of the fast growth of fork lift truck hire in the factory and, £164,539; 1968, £215,015; 1969, £398,454.

It is certainly interesting to look at the ten-year profits record on those companies. The first to offer its shares to the other fork lift truck hire companies which went public, the concern headed by Mr. Jack Harvey who built it up concern, L. Lipton, was a from a small local hirer to the pioneer in fork lift truck hire, country's biggest hirer of fork starting in the business just after the second world war lift trucks.

In 1960, Harvey, then a private concern, was in its second present chairman Mr. Laurence Lipton's father. Its record reads £275,000; 1970, £608,152. An impressive record but one which shows that even the best-managed companies in this particular market find it difficult to push profits steadily up without an occasional slip backwards on the way.

Strong feeling

And a number of observers have a strong feeling that 1971 is one of those years. Stockbrokers Speirs and Jeffrey, for example, point the Government figures for the first quarter of the year which seemed to show demand levelling off. Orders in hand for fork lift trucks were down some 18 per cent. They believe this results from a drop in activity on the warehousing and transport sectors, a point recently endorsed by results from the Transport Development Group and Ralph Hilton Transport Services.

This must be putting pressure on the hire companies, especially on Lipton which is also a supplier of fork lift trucks, holding the U.K. franchises for the Komatsu and NYK from Japan and the Sichelschmidt under-utilised and led to the Dixi range from West Germany, substantial loss. In addition, adding to the general gloom Vanguard's commitment to dis-

tribute a new design of fork lift truck resulted in 31 trucks being delivered which proved less than reliable. Then, Southern Mechanical Handling found some of its equipment was unsuitable for general hire use. These were the problems as outlined by Vanguard's new chairman, Mr. L. J. Evans when recommending the offer from Harvey Plant.

He said the Board, while trying to put things right, had to borrow large funds and it was clear that further big sums would be needed in the near future. "In addition the liquidity problems have placed considerable strains on the existing management and your Board are of the opinion that management support from within the industry is urgently required."

annual statement: "The Board

long term, cannot command same returns as earth moving machinery and for a fork

sector. We are not committed to any supplier and are able to offer our customers the best and most suitable makes of trucks for their own particular applications, supported by first-class service and maintenance in the field."

Some reservations

There are some observers

who have a few reservations

about Harvey Plant's decision to

bale out the Vanguard share-

holders—even at the price paid.

Certainly, the Harvey manage-

ment is taking on fresh

problems at a time when all

indication are that demand for

fork lift trucks is levelling off

at least, while competition is

becoming more and more intense.

Chairman Mr. Jack Harvey

can, however, point to his

team's excellent past record. He

Harvey Plant: "We have a high

salad, for example, in his latest

regard for the management."

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Return on capital

They backed these judg-

ments by producing statistics

based on figures up to the end

of 1970—which showed Lipton

as making a 30.3 per cent.

Baguall, and Edison Plant

British Electric Traction

and Harvey Plant making a 24

per cent. return. Profit margins

were shown as 15 per cent in

Lipton's case and 9.9 per cent capital employed while

in the case of Harvey Plant, profit margins were 9.7.

Dealing with Lipton, the cent for PTR and 11.4

brokers added: "Fork lift truck Edison, both commen-

renting, which is essentially performances."

Yale is a registered trademark of Eaton Corp.

Advanced types of equipment

By TONY FRANCE

While there has been no really average industrial truck in the starting technical development, past would have a maximum in fork lift trucks recently, capacity of about 4,000 lbs this several trends in the choice of has now increased to the 5,000-advanced types of equipment are 6,000 lbs range, achieved by improved truck, mast and fork

and are being increasingly adopted by fork lift truck design, and the use of low alloy manufacturers to meet more high tensile steel for the exacting demands from industry.

For ease of control, reduced operator fatigue, and to pro-

vide much smoother truck move-

ment, a number of manufac-

turers have tried installing some

form of hydraulic drive, with

varying degrees of success, and in general on trucks with internal combustion engines as prime movers. The hydraulic drive provides the long-sought

two pedal control, and for fork lift trucks fitted with hydraulic motors, usually in two or four wheels, the motor itself can provide an efficient braking system.

This type of drive can also

provide stepless speed control,

high torque at low speeds, and instant smooth transition from

forward to reverse, with minimal transmission shocks. Trucks

fitted with this type of drive are

particularly suited to handling

fragile, shock sensitive loads, and for work in confined areas.

Some manufacturers achieve

somewhat similar results with

trucks fitted with torque con-

verter transmissions, and it has

been claimed that these are

equal to the true hydraulic

motor drive, while costing less

and providing a more reliable

piece of equipment.

Straddle carriers

Industrial demand has pro-

duced a requirement for trucks

capable of handling loads in the

50 tons range, and trucks cap-

able of handling loads of

100,000 lbs have been developed

for the steel industry and in

particular for the container

transport trade, where such

trucks can handle fully loaded

containers for dockside and

shipboard loading in situations

where straddle carriers or side

lift trucks are not available or

cannot operate.

Freight container transport

contractors also have the prob-

lem of storing and shifting

empty containers, and may con-

sider it uneconomic to use their

50-ton capacity trucks for this

light duty. Freight handlers

usually have a range of fork

lift trucks available and a

recent development enables

them to use a much smaller

capacity truck to handle empty

ISO containers. An attachment

can be fitted to any fork lift

truck of suitable capacity (say

5 tons) enabling it to shift con-

tainers from 20 to 40 feet long.

Of box girder construction,

the unit is available in two basic

forms — a single fixed beam

model for one-size container

operators, and a telescopic ver-

sion with hydraulically extend-

ing lifting arms. The latter may

have electronic control again provides

stepless speed changes, and im-

poses a reduced demand on the

batteries, improving the battery

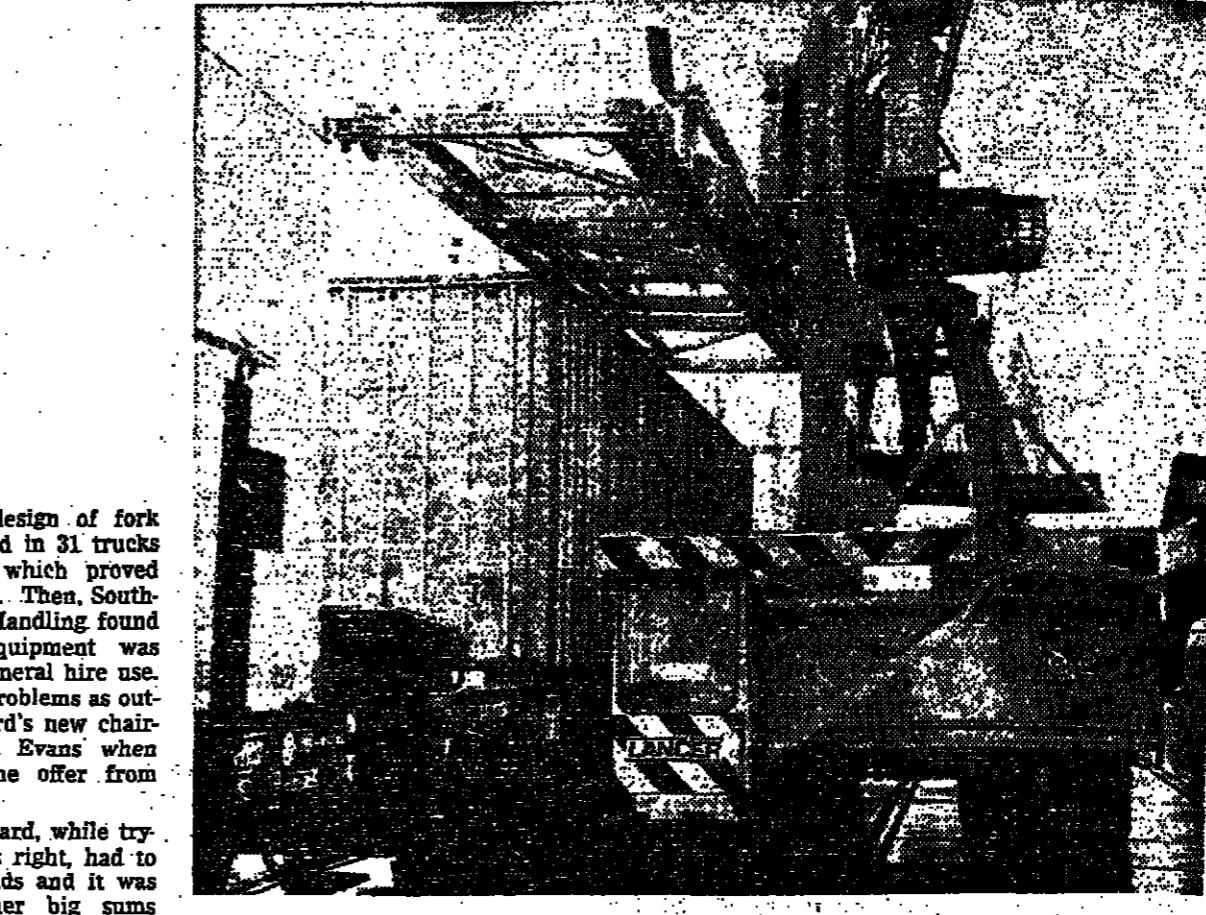
life.

Another development is the

steadily increasing capacity of

fork lift trucks. Where an

Continued on next page



No longer confined to conventional fork lift trucks, plant hire has recently been extended to cover specialised trucks, such as this one from Lancer. It is capable of handling 30 ton containers.

annual statement: "The Board is determined to maintain its qualified position in this growth sector. We are not committed to any supplier and are able to offer our customers the best and most suitable makes of trucks for their own particular applications, supported by first-class service and maintenance in the field."

They backed these judgments by producing statistics based on figures up to the end of 1970—which showed Lipton as making a 30.3 per cent.

Baguall, and Edison Plant return on gross capital employed at 24 per cent. Profit margins were shown as 15 per cent in Lipton's case and 9.9 per cent capital employed while in the case of Harvey Plant, profit margins were 9.7.

Dealing with Lipton, the cent for PTR and 11.4 brokers added: "Fork lift truck Edison, both commen-renting, which is essentially performances."

Yale is a registered trademark of Eaton Corp.

Continued search

The continued search for rugged construction, simplicity of operation and ease of maintenance has meant increasing use of solid state electronic controls for the electrically powered fork lift trucks. As opposed to the torque converter transmission, it has been claimed that these are equal to the true hydraulic motor drive, while costing less and providing a more reliable piece of equipment.

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PLAYER'S HORIZON PROJECT

FINANCIAL TIMES SURVEY

A superb industrial building

By H. A. N. BROCKMAN, Architecture Correspondent

The Nottingham factory for John Player and Sons, erected needs and to provide at the conditioned, the major proportion of 27 months and a credit to all time for future and relaxation of the air-conditioning load concerned, is a superb piece of unknown requirements consisting of heat from industrial architecture. It is a single unit was therefore facturing machines, which is possessed a classic simplicity and worked out to incorporate basic not amenable to localised cooling system for the whole building, from steam injection proportion seldom arrived at in disciplines for the whole building, from steam injection system. The reason for this is the industrial buildings of today. The unit, square on all sides and front drying equipment, was repeated to complete plant and lighting. Essential to the plan, was the final factory complex which this air-conditioning process is designed in three storeys. The close control which has to be maintained over relative humidity is kept over 30 metres in both due to the critical moisture directions, with floor-to-ceiling content of tobacco. Exhaustive studies were made of the most important requirements of the interior, and the firmness and clarity with which all these factors are expressed on the elevations.

A comprehensive brief was worked out between the architects, Arup Associates, and the client. In addition to the requirements common to all new factory buildings, such as good working environment, flexibility and adaptability in coping with future developments in manufacture, there were the important problems associated with high noise levels, very heavy floor loadings, special air conditions, accessibility of services, and minimum maintenance. In the latter case particular care had to be taken to use surface materials which would eliminate mould growth and resist contamination from tobacco beetle.

Initial problems

The 30-acre site is within the Eton Industrial Estate, beside the Beeston Canal and abutting Bull Close Road. It is flat and the initial problem of building up to 20 feet of tipped rubble, comprising such unacceptable material as building rubble, old cars, bedsteads, and the like. Much of this material is in fact organic, creating internal combustion. To each a firm base piling was undertaken to a depth of 30 feet; sulphate-resisting Portland cement being used for the piles and high-grade concrete for the foundation work in order to resist chemical aggression. In designing the superstructure, to ensure it was decided to seek an energy at the lowest possible of the building the disengaged fortunately, are to the south.

DESIGN AND CONSTRUCTION

Architects and Engineers	Arup Associates
Managing Contractor	Bovis Fee Construction
Electrical and Mechanical Services, Sub-contractor	Drake and Scull

Modular approach

Detailed planning is determined by production flow and machine lay-out requirements which, the designers found, amply demonstrated the worth of the modular approach. There are two categories in the amenity areas, each given great importance for the two-shift working of this factory. There is first of all the relaxation, lavatory and washing accommodation serving the production floors, and secondly the central areas including shops, restaurant and kitchen, offices, visitors' reception and conference room, medical centre, central locker and wash and shower rooms. Space for games, club-room and bars has also been calculated for allocation in future development.

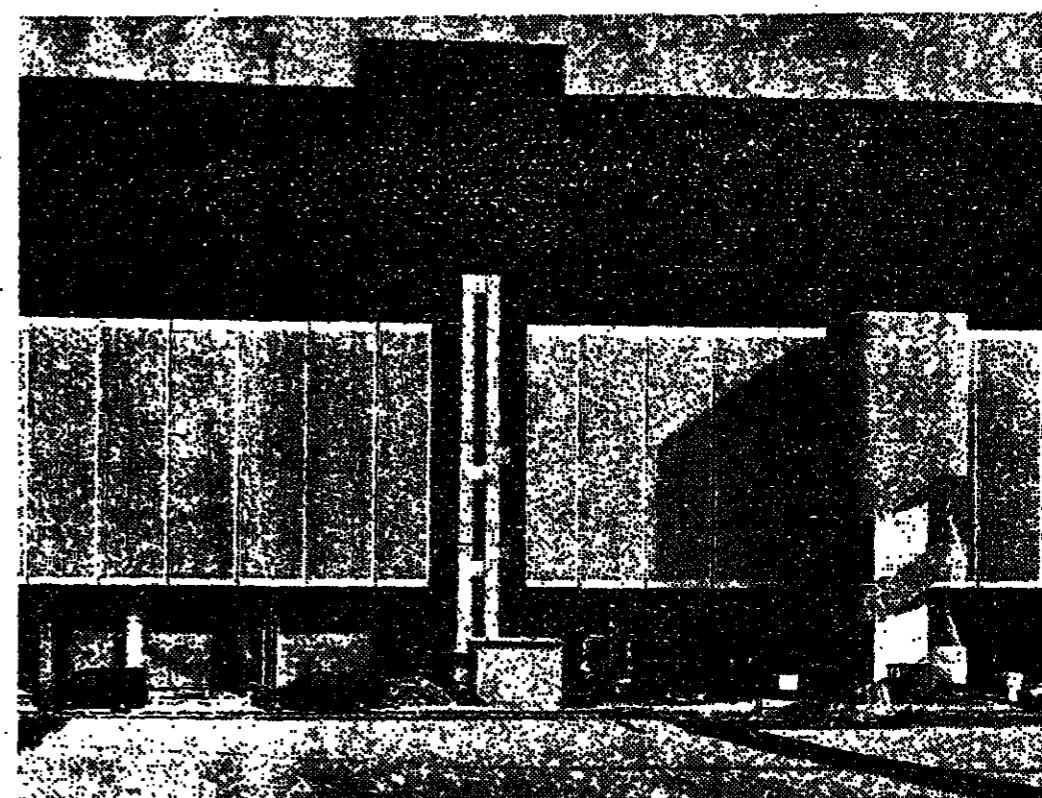
The production floor amenity areas are structured as a series of large movable units which can not only be used singly or joined together, but can also be demounted and re-erected elsewhere if required, as they contain their own built-in plumbing, drainage and ducts, which can be grouped together within a false floor and connected through to the service mains in the service void.

The amenity areas are positioned in relation to a number of factors. In the first place entrance, sited on the west side of the building, as the walking distance from the entrance to the production floor and thence to the restaurant must be kept to a minimum. It is also necessary for the amenity areas to take advantage of the best views of the site to offer, and these, in the south and south-west.

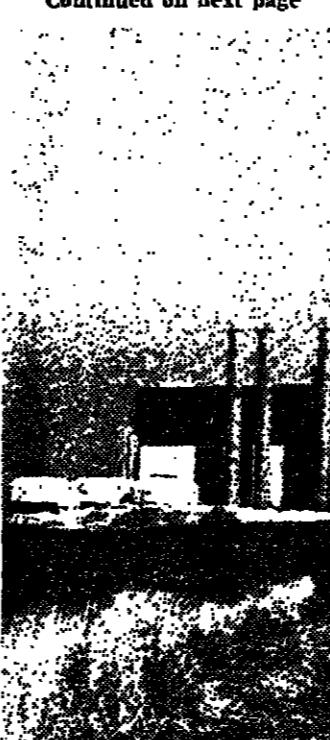
Traffic-flows in and around the site are separated into services and domestic routes with access from Bull Close Road and Thane Road respectively. Car parking is a major problem, solved with great success. It is considered that space for 1,000 will be needed by 1975, with an ultimate 1,250 in 1990. The provision is limited for the moment to 1,000, representing the total requirement for two shifts. Apart from the half-hour change-over interval, therefore, only 500 spaces will be in use. The present plan allows for 400 under the building and 600 outside to the west.

Landscaping threw up considerable problems. Because of the polluted nature of the ground and the sparseness and poor quality of top soil, the planting of forest trees was not a practicable proposition. The choice became limited to

Continued on next page



Above, an external centre view between two 30-metre-wide structural units, showing the panel-facing of two units, the clustered column structural division rising within the glazed area to support the deep service void in the crowning roof structure. Below, the west elevation from the Beeston canal bank. To the left the stacks of the power house, to the right the windows of the office and amenity section. Working downwards, the colours are bronze through off-white to grass-green.



We have come a long way since John Player set up business in Nottingham and Player's Weights were sold by weight and people started saying 'Please' when asking for Player's Medium Navy Cut....

Now we have built a new £8 million factory in Nottingham to help us go further. We've called it 'Horizon'.

We need Horizon to enable us to adopt the latest technical developments in machinery design, work flow and despatch. We also need it to provide a better working environment for those people at Player's presently working in the factories at Radford which we are replacing, the oldest of which we have occupied for nearly 100 years.

We now have our new building, thanks to Arup Associates who designed it, Bovis who managed the contract, the many sub-contractors, and our own employees from every level who helped plan its inception and design and for whom the real task still lies ahead.

Now that it is ours - handed over by Bovis on time - we can get on with the job of turning it into the most advanced factory of its kind in the world.



John Player and Sons



Horizon



Preedy's

through their modern
newsagents
confectionery
and tobacconists
shops
continue to distribute
John Player's
quality products
as they have done
for over a century

JOHN PLAYER & SONS HORIZON PROJECT



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HORIZON PROJECT II

Despite diversification a £15m. investment in new plant

By ROGER MATTHEWS

It is possible to frighten some of Britain's cigarette smokers. At the same time their diversification efforts have not, with some exceptions, been noted for their success. Carreras, the smallest of the British tobacco companies, is the only one which has stuck solely to tobacco. In the last five years its profits have risen by around 70 per cent., and although it can be argued that there are special factors at work here, it is undeniable that these figures do underline the profitability of tobacco. It is against this general background that the decision by Imps.' subsidiary John Player and Sons, to spend about £15m. on building and equipping a new factory at Nottingham must be seen.

This repeats fairly closely the pattern following the 1962 health report, when sales initially dropped by about 15 per cent. but, within eight months were back to only 2 per cent. below their previous level. This year the report has been followed by a more determined anti-smoking campaign with cigarette packets now carrying health warnings and advertisements for cigarettes drawing attention to these warnings. The cigarette companies' marketing men seem singularly untroubled and are confident that in a fairly short time the warning notices will become as unobtrusive as the makers' name on an individual cigarette.

Similarly the anti-smoking advertising campaign with its relatively puny budget is generally recognised as doing little more than scratching the surface and perhaps helping those people who gave up smoking in January to maintain their resolve. It seems that the British public will have to be persuaded by some more forceful means that smoking is harmful.

Increase unlikely

However the anti-smoking lobby together with the limitations on cigarette advertising and the general public awareness of the dangers of smoking, does suggest that the sales of tobacco products are unlikely to increase substantially during this decade and may even have reached saturation point. It is this belief which is in part responsible for substantial diversification efforts by the major tobacco companies. Imperial Tobacco, for example, has spent around £100m. in the past four years mainly on establishing itself as a major force in the food industry. British American Tobacco has spent more than that on perfume and cosmetics interests plus the Wiggins Teape paper company.

It is therefore ironic that while the tobacco companies have been trying to break away from their reliance on the one product, their profits from that

source should have risen impressively. At the same time their diversification efforts have not, with some exceptions, been noted for their success. Carreras, the smallest of the British tobacco companies, is the only one which has stuck solely to tobacco.

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Real key

The new plant was first mooted about seven years ago and the decision to build was prompted by the growing difficulties encountered at Player's three existing Nottingham factories. Technological improvements were limited by the design of these plants and those that have been introduced always had to be done in triplicate. With the likely advent of synthetic or reconstituted tobacco these problems would increase. Given the profitability of the tobacco industry the decision to build anew was not unduly hampered by financial considerations.

But the real key to the decision was the co-operation of the workers and Players has gone to great lengths to achieve this. In order to be commercially feasible the new plant, code-named Horizon, had to operate a double-day shift. For the staff it meant a radical change in working practices, a proposition that they greeted, in the words of the management, "with guarded hostility." But they have agreed and were given the chance of voting for the type of shift system that they most favoured. At the outset the unions were assured that there would be no redundancies although the present production workforce at Nottingham of about 3,000 full-time and 1,000 part-time will be slimmed at Horizon to about 1,500 per shift with a further eventual reduction anticipated to not fewer than 1,000 per shift. This is being achieved by natural wastage, a flexible retirement policy which allows workers to opt to go at 60 instead of 65, and the chance of still earlier retirement, although this last option is being used sparingly because of the possible strains on the company's pension fund. An unspecified number of workers have already left under these proposals.

The company also had to decide where to build. Development areas had undoubtedly financial attractions, but that meant training a substantially new labour force. Perhaps the hint of a move was enough anyway to translate the experiments at Wiggins Teape paper company. The company had to decide where to build. Development areas had undoubtedly financial attractions, but that meant training a substantially new labour force. Perhaps the hint of a move was enough anyway to translate the experiments at Wiggins Teape paper company.

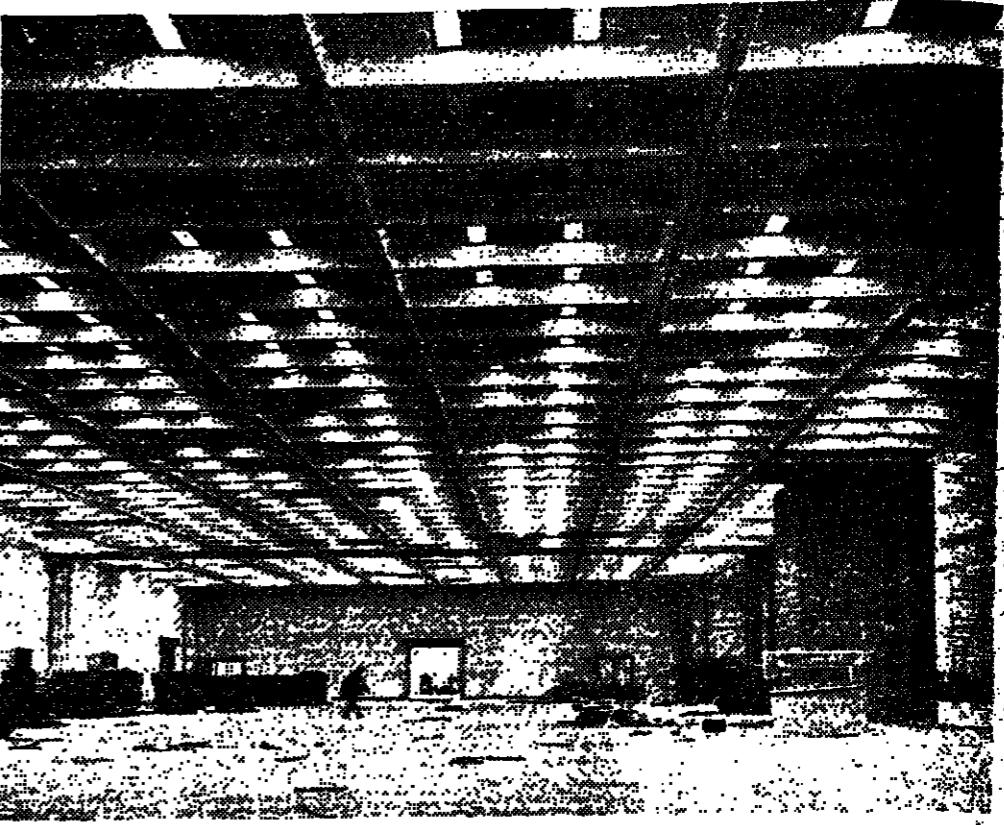
This is not to suggest that much nearer £8m. At the time shortly British smokers will all be switching to the new budget for the project was drawn up an allowance was made for an extra sum to be set aside on top of the £6m. to allow for rising costs. This, together with various fees such as the architects, the total energy plant and an extra cost-inflation of £300,000 gives the near £8m. total. A further £1m. is being spent on equipment for the factory. Although the Players' management claims to have been very cost-conscious throughout and has in fact only incurred expenditure of an extra £300,000 there is no doubt that the company has not stinted cash when it felt that only the best was sufficient. Although, of course, there have been compromises between what was wanted and what was possible it seems unlikely that there were any major compromises on cost grounds alone.

Worked well

This arrangement seems to have worked well, as the date set for the handover of the factory to Players was achieved on November 1, the target date. At the start of the project Players brought together a number of key members of staff to form the Horizon Group. It was their task to decide the form of the new factory and so as to ensure that they enjoyed or suffered the results of their decisions most of the team was join the EEC will duty be under 40. Similar groups have been applied on the finished product been set up on a consultative basis to advise on particular aspects of the factory such as bond? And finally, and prob- canteen facilities, colour ably most vitally, will anybody schemes and furnishings. What actually want to smoke these with presentations, films, visits new cigarettes? Answers are to the new factory, and a very needed to most, if not all, these real say in some of the periphera but nonetheless vital visitors take the plunge. But if aspects of Horizon the man and woman on the shop floor at Players has been given a very real opportunity to feel involved in the project. Certainly there cannot be that many employers who provide a bank, shops, and a resident doctor, and a dentist in their factories.

Flexibility had to be another vital ingredient of Horizon. With the chief remaining obstacles to full scale production the factory, which has a of synthetic tobacco being con- production area of 10 acres, concerned with legal and medical issues, which could be resolved before too long, then the new factory had obviously to be three Nottingham factories prepared to adapt its production methods. Imperial Develop- There will not in fact be any decrease in Players' overall pro- gramme. The ICI Nobel Division in Scot- tish factories has been abandoned because of the methane gas given off by the rubbish tip on which Horizon has been built. And so proud is the company of its new factory that the name of John Player may well not be emblazoned across the outside. "After all," said the same executive, "St. Paul's

land into full-scale production. Originally, the building of the ICI Nobel Division in Scot- land was expected to cost about £6m. The final bill will be across the building."



The vast production floor. The coffered ceiling is beautifully designed and for wholly structural reasons is given a slight lift towards the centre, visually satisfying in its Greek content of the imperceptible curve on the base of the Parthenon.

**Nine acres
and twelve
thousand
five hundred
square
feet...**

Nine acres of 'Taurus' with finest hard maple boards. Its surface to provide dust-free conditions for meticulous factory production; 12,500 square feet of 'Ram' flooring - the perfect basis for a modern open-plan office complex tail order!

Especially tall when maximum time for laying is only four months. Add to this the on-site task of sandwiching building paper between the Taurus sub-floor and maple boards, and treating the underside of the boards with a chemical compound to repel tobacco beetle and you really have got a problem.

This problem has been ironed out by Hewetsons; they're well up to schedule and the John Player building will have the right floors for the job — when it needs them.

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WALL STREET + OVERSEAS MARKETS

Index drops to new 1971 low of 825

BY OUR WALL STREET CORRESPONDENT

THE RECENT DECLINE gathered momentum on Wall Street to-day and the Dow Jones Industrial Average dropped to a new low for 1971.

The Industrial Average opened 2.41 off at 336.59 and steadily gave ground to the close, reaching 325.86, for a fall of 13.14 on the day and 4.71 below its previous closing low of 320.57 recorded on January 4. The NYSE All Common Index lost 77 cents to \$51.30, while declines outpaced gains by 1,157 to 292.

Volume, however, further decreased 750,000 shares to 10,966.

Much of the downturn was attributed to a prediction by economist Elliot Janeway that the Dow would maintain its sinking condition until it hit about the 500 level. Most market analysts contacted, however, do not agree with the widely followed

Mr. Paul W. McCracken, Presidential adviser, said the nation was closer to a firm basis for a reasonably stable price level, and Mr. Charles Walker, Treasury Under Secretary, said additional areas to be exempt from the Wage-Price Freeze in Phase Two would be made known this week.

Dr. Arthur Burns, Federal Reserve Board chairman, said he, and the Presidential Panel on Interest and Dividends that he heads, will oppose most interest rate increases.

A late report by the Commerce Department that consumers reported rising purchasing expectations for new cars and household durable goods in October apparently had little impact.

ITEM fall \$34 to \$221, General Electric lost \$1 to \$24, Levitz Furniture were off \$3 to \$30.

In Motors, Ford dropped \$1 to \$66, General Motors at \$763 and Chrysler at \$271, each lost \$1. American Motors were unchanged at \$761, bolstered by reiteration of an earlier projection that it would be profitable in the fourth quarter and for the year as a whole.

Stocks retreated as industry officials reportedly doubt that an order upsurge will take place in January. Steel output rose 0.8 per cent last week from the week earlier. U.S. Steel were off \$1 at \$261 as were Republic at \$201.

Armco declined \$1 to \$163.

Control Data lost \$1 to \$393 after it postponed its previously announced plans for a republic offering of equity securities later this year, attributed to depressed market conditions.

Memorax gave way \$1 to \$28—its efforts to report a loss for the third quarter and "definitely" for the full year followed by a modest profit in 1972.

OTHER MARKETS

Canada lower

Canadian Stock Markets resumed their downward trend in light trading yesterday morning. Industrials lost 0.53 on index, Western Oils 0.71, Goods 0.81, Basic Metals 0.55, Utilities 0.38 and Powers 0.14. Only Banks, up 0.35, moved against the general trend.

GERMANY—Markets turned easier on lack of interest, partly reflecting the official holiday in parts of Germany.

Bayer, off DM1.5, led leading Chemicals lower, while AEG decreased DM2.30 in Electricals.

Banks, Motors and Stores showed heavier losses.

In generally well maintained Bonds, Public Loans gained about 1 point.

AMSTERDAM—Most Internationals weakened. KLM, Fis.4.5, fell on its results.

Plantations were narrowly mixed and Shipments edged lower.

Most local Industrials also eased.

STOCKHOLM—Very firm.

Weak spots were Naarden-Chemie, off Fis.2.3, Heineken, off Fis.1.5, Ove-Car Der Grinde, off Fis.1.5.

PARIS—Closed yesterday—All pollution control and labour saving. These included Mitsubishi Kakoki, Togama, Bolet, Iishi Iron, Chiyoda Chem and Japan Algemeene Bank Nederland, which lost Fis.2.5. Investment Funds were narrowly mixed. In mostly lower Insurances, Amfac gained ground.

State Loans were quietly mixed.

SWITZERLAND—Markets were firm. In Industrials, Brown Boveri rose Fis.4.5, CIBA-Gelgy Bearer Fis.8.5, Nestle, Bearey Fis.4.5, Sandoz Fis.6.5 and Lanzo Fis.3.5.

Schindler were listed for the first time to-day with Bearer quoted at Frs.2450 to Frs.2475 and the Registered at Frs.450.

Financials and Insurances closed slightly higher, while Banks were led by Bankverkehrs.

State Bonds were narrowly mixed in quiet trading.

Dollar stocks were steady, although Litton Industries and Sperry Rand each moved higher.

Anti-pollution related issues were bought on the news that the Ministry of International Trade and Industry intended to set up a 10 per cent tax credit system

for investments in equipment for

easy Shipping, barely steady.

COPENHAGEN—The market was quiet, with the few issues to move showing changes within one point either way.

VIENNA—Prices drifted lower in very quiet trading. Golds were slightly softer, while Mining Financials continued to ease. Coppers steadied at lower levels.

Banks remained little changed but prices were generally lower, where changed in Industrials.

TOKYO—Prices gained, strength assisted by increased trading. 1700 shares.

Anti-pollution related issues were bought on the news that the Ministry of International Trade and Industry intended to set up a 10 per cent tax credit system

for investments in equipment for

easy Shipping, barely steady.

OSLO—Banks and Industrials were firm, due to an expected increase in sales.

Department Stores were generally lower, except for Mitsubishi Dept.

Mitsui Home, newly listed on the stock section of the SE, gained popularity, opening at Yen 300, against the offering price of Yen 480.

Tateishi and Pioneer were each higher among Light Electric

AUSTRALIA—Prices slightly outnumbered falls in very quiet trading. Mines generally were weaker. Oils were little changed while Industrials were mixed.

Poseidon finished 70 cents down at \$15.80. Bourgouin shed 7 cents to \$21.18, despite predictions that its plant would be in operation during the first half of next year.

Metal Exploration gained 10 cents to \$23.55, following mention in the latest quarterly report of a new nickel strike in Western Australia. CRA added 6 cents at \$5.61 and Hamersley rose 5 cents to \$2.44.

Selfact dipped 5 cents to \$1.25.

In Queensland, Newland rose 20 cents to \$1.40 and Kallang Investments 10 cents to \$2.80. Peke Wallsend advanced 10 cents to \$8.70 and Pancontinental gained 3 cents to \$3 cents.

Among Industrials, BHP declined 22 cents to \$10.12. CUB gained 5 cents to \$3.75, but Yarra Falls, which plans to refund \$1 per share to shareholders within a year, slipped 4 cents to \$1.10.

Nicholas rose 1 cent to 85 cents after the annual report, but Standard and Listerites, both at \$2.55 were each unchanged.

In Oils, Woodside added 3 cents at \$1.03 on director D. Hughes-Jones recommending acceptance of the Woodside-Burnham offer. Mid East Oil were marginally higher at 76 cents.

EUROPE

STOCK AND BOND YIELDS

IND. DIVIDEND YIELD p.c.

STOCK EXCHANGE REPORT

Pronounced dullness with buyers holding off again

Share index 6 points lower at 403.8—Bid features

ACCOUNT DEALING DATES

Option

First Declaration Account

Declarations Day

Oct 18 28 Oct 28 Nov 9

Nov 11 Nov 12 Nov 23

Nov 15 Nov 25 Nov 26 Dec 1

New "X" dealings may take place

5 p.m. same business day earlier

investment interest in stock

yesterday was centred

on "bid" stocks, both

and rumoured activity

enhanced by bid ap-

peals to A. B. Malsters,

the most active Ashworth

Stewart, and the Kensing-

ton and the Armette Trust

Elsewhere, interest was

all and leading issues were

modest selling and with

extremely selective. The

Press comment, matched

with PTA's latest survey of business

union, helped to subdue buyers

FOREIGN EXCHANGES

New York

American

London

Tokyo

Paris

Frankfurt

Stockholm

Vienna

Zurich

Paris

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS
GROUPS & SUB-SECTIONS

Figures in parentheses after sectional names show
number of stocks.

CAPITAL GOODS GROUP (184)	Monday, Nov. 1, 1971										Highs and Lows Index								
	With 40% Un- derwriting Tax			Friday, Oct. 28			Thurs., Oct. 27			Wed., Oct. 27			Tues., Oct. 26			Year ago (approx.)		Highs and Lows Index	
	Index No.	Day's Change %	Net Price 31/10/71	Div. yield %	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	High	Low	High	Low	
Aircraft and Components (3)	156.84	-0.7	6.91	16.43	5.82	157.92	158.60	158.38	156.03	125.60	182.00	103.05	103.05	101.50	99.82	101.50	99.82		
Building Materials (29)	151.71	-0.8	8.05	12.43	4.74	150.72	151.17	152.43	152.55	106.01	151.80	103.50	103.50	101.50	99.82	101.80	99.82		
Contracting and Construction (20)	165.26	-0.6	4.78	20.92	3.31	166.27	166.30	165.97	165.88	105.13	167.53	98.30	105.13	98.30	95.01	95.01	105.13	98.30	
Electr. (ex. Electr. Rad. & TV) (13)	267.84	-1.3	6.22	19.17	2.30	271.54	272.65	272.40	271.68	190.40	274.08	102.55	274.08	102.55	98.71	98.71	274.08	102.55	
Engineering (79)	257.71	-0.4	5.29	18.90	3.10	265.67	271.48	272.33	254.88	200.58	265.22	174.12	265.22	174.12	100.85	98.90	265.22	174.12	
Machine Tools (15)	158.39	-0.7	6.91	14.47	4.67	159.88	159.04	159.99	158.65	121.61	149.28	102.55	149.28	102.55	98.71	98.71	149.28	102.55	
Miscellaneous (25)	162.58	-0.5	7.72	12.95	6.39	163.02	163.57	162.87	161.81	81.87	163.50	45.85	163.50	45.85	42.85	42.85	163.50	45.85	
CONSUMER GOODS (DURABLE) GROUP (57)	132.25	-1.5	7.64	18.09	4.60	134.20	134.69	135.45	131.31	116.64	136.20	94.19	136.20	94.19	64.01	64.01	136.20	94.19	
Electronics, Radio and TV (14)	180.89	-1.0	4.09	24.45	2.43	182.70	183.35	183.01	179.79	150.34	184.00	95.00	184.00	95.00	85.71	85.71	184.00	95.00	
Household Goods (15)	205.70	-0.4	5.74	17.45	3.04	206.59	206.15	203.88	202.88	151.00	207.52	116.50	207.52	116.50	98.68	98.68	207.52	116.50	
Motors and Distributors (28)	125.20	-1.2	4.17	23.96	5.47	124.74	126.88	125.55	125.27	91.70	126.52	75.31	126.52	75.31	64.01	64.01	126.52	75.31	
CONSUMER GOODS (NON-DURABLE) GROUP (174)	159.80	-1.2	5.64	17.72	3.68	161.84	162.56	162.82	160.74	122.88	172.37	118.17	172.37	118.17	85.71	85.71	172.37	118.17	
Breweries (21)	182.13	-0.5	5.52	18.15	3.55	183.04	184.49	182.70	176.40	129.97	182.97	102.55	182.97	102.55	85.71	85.71	182.97	102.55	
Wines and Spirits (7)	158.97	-1.5	6.36	15.68	4.61	161.40	160.30	160.33	158.70	106.05	162.52	102.55	162.52	102.55	85.71	85.71	162.52	102.55	
Entertainment and Catering (15)	224.86	-2.2	5.77	17.52	5.94	229.96	232.85	232.59	231.34	177.19	241.55	177.39	241.55	177.39	85.71	85.71	241.55	177.39	
Food Manufacturing (34)	140.32	-1.2	5.73	17.48	4.65	142.05	142.42	141.94	141.64	108.63	149.58	99.74	149.58	99.74	85.71	85.71	149.58	99.74	
Food Retailing (17)	155.00	-0.7	5.22	19.04	3.32	155.65	155.04	156.20	161.72	103.72	159.59	102.23	159.59	102.23	85.71	85.71	159.59	102.23	
Newspapers and Publishing (15)	155.90	-0.1	5.64	17.74	4.07	154.00	154.79	152.35	151.98	111.62	156.25	101.36	156.25	101.36	84.34	84.34	156.25	101.36	
Packaging and Paper (16)	112.02	-1.0	6.88	14.52	4.64	113.10	113.96	115.01	112.66	107.63	113.27	102.77	113.27	102.77	85.71	85.71	113.27	102.77	
Stores (29)	152.99	-1.0	4.47	22.38	3.10	154.58	155.54	156.83	154.04	108.71	154.88	104.48	154.88	104.48	84.34	84.34	154.88	104.48	
Textiles (21)	155.81	-1.6	6.35	15.75	5.33	168.65	169.80	170.22	168.82	141.58	169.27	127.81	169.27	127.81	85.71	85.71	169.27	127.81	
Tobacco (3)	209.94	-2.2	10.40	9.62	6.29	214.56	217.90	214.65	210.56	196.27	215.47	170.92	215.47	170.92	84.34	84.34	215.47	170.92	
Toys and Games (6)	52.94	+1.9	0.75	-	2.93	51.98	53.14	53.92	53.10	55.80	69.05	53.25	69.05	53.25	42.80	42.80	69.05	53.25	
OTHER GROUPS	175.52	-2.4	5.64	17.72	3.74	179.75	180.67	181.85	179.36	141.39	200.29	138.18	200.29	138.18	85.71	85.71	200.29	138.18	
Chemicals (19)	171.10	-0.5	3.84	26.04	1.74	172.44	172.08	173.35	174.56	147.78	212.05	155.28	212.05	155.28	85.71	85.71	212.05	155.28	
Office Equipment (10)	180.51	-0.5	8.29	12.06	9.15	182.19	182.86	182.05	182.05	111.10	183.00	125.44	183.00	125.44	85.71	85.71	183.00	125.44	
Shipping (10)	180.51	-0.5	8.29	12.06	9.15	182.19	182.86	182.05	182.05	111.10	183.00	125.44	183.00	125.44	85.71	85.71	183.00	125.44	
Miscellaneous (unclassified) (44)	165.13	-0.4	5.37	18.61	5.52	196.01	196.56	195.79	195.08	138.96	197.68	128.76	197.68	128.76	85.71	85.71	197.68	128.76	
INDUSTRIAL GROUP (498 SHARES)	168.80	-1.1	5.58	17.91	5.66	168.07	168.85	169.15	168.74	-	174.63	120.61	174.63	120.61	85.71	85.71	174.63	120.61	
Oil (2)	151.28	-2.5	6.28	16.92	4.01	150.49	152.68	152.65	152.63	103.75	153.75	102.00	153.75	102.00	85.71	85.71	153.75	102.00	
500 SHARE INDEX	178.77	-1.3	5.69	17.59	3.71	181.10	181.98	182.42	180.05	142.55	180.63	132.45	180.63	132.45	84.34	84.34	180.63	132.45	

COMMODITY SHARE GROUPS
(Not included in the 500 or All-Share indices)

IT'S LOADS EASIER
WITH A
Jones
Capacity up to
45 tons
Booms up to
230 ft
Jones Cranes Ltd
Letchworth
Herts.

Lombard

World's economic calm is deceptive

BY C. GORDON TETHER

NO ONE can deny that the world's economic system has initially withstood the shock it suffered at the hands of President Nixon's "America must come first" measures remarkably well. But it would be most unfortunate if this came to be interpreted to mean that the need to eliminate the big question marks that now hang over the international economic situation has lost its urgency. And no harm will come from allowing the present drift to continue for as long as is necessary to permit work on the creation of a satisfactory new payments machinery to be completed.

For the discovery that things are going better than might have been feared tends to mask the fact that they are deteriorating in many directions all the same—and at a pace so fast that, unless an interim patching operation is arranged fairly soon, the process may be next to impossible to reverse.

"There has been a further worsening of the functioning and relative efficiency of the exchange markets for spot and forward transactions in recent weeks," said the Morgan Guaranty Trust in a recent review of world financial markets. This, it said, had been particularly marked in the case of the London market.

Escalating

Pointing out that, even so, experience to date did not fully measure the dislocation America's August 15 measures had caused since it must have reflected to a large extent business arranged prior to that date, it went on to say that the longer restrictionism and uncertainty were allowed to go on escalating, the more devastating would be the impact on international trade and investment.

Like most other banking institutions whose deep involvement in international financial traffic enables them to keep a finger on the world's economic pulse, Morgan Guaranty obviously feels that no time is to be lost in getting order out of the present chaos if we are to make sure that the events of August 15 do not in the end lead to a world disaster. And this was also the theme of the address which Mr. Pierre-Paul Schwellen, managing director of the International Monetary Fund, gave to the Economic and Social Council of the United Nations last week.

Disorderliness

Arguing that there was no time for a pause, he ringing round the particularly grievous consequences the continuance for any length of time of the present disorderliness in international economic affairs is calculated to have for the Third World. The currency upheaval had contributed to a decline in world commodity prices.

Above all, it posed a serious threat to their efforts to diversify their exports, a key element in the drive to raise living standards to more adequate levels. For in the case of manufactured items which figure so large in this business, they are necessarily working with extremely slender profit margins and any unexpected change in prices, exchange rates or trade barriers can consequently put paid to such activity altogether.

There is, of course, a real danger that the worst will be allowed to come to the worst all the same. This is if the Nixon Administration continues to insist that a light-hearted view of the distress its policies are generating elsewhere seeing that U.S. involvement in world trade represents such a diminutive part of the country's total activity. So it is fortunate that there are signs that thinking opinion outside America's official circles is beginning to make the point that the country's immunity from a world recession could turn out to be much less marked.

"Immunity"

Says the prominent New York investment house of Harris Upham in a comment in its monthly letter on the ominous note struck by the recent downturn in world commodity prices: "The U.S. does not live in a vacuum and the mid-western farmer is actually the unwilling and unwitting victim of world events." It concludes that "if the soft-money boys in Washington don't soon realize that the hard-money men in Europe are right, the economic world will continue to disintegrate—and in that fall we all fall."

One can only hope that this message and similar warnings that have recently emanated from the American business community pierce the mental barrier the Nixon Administration appears to have erected round itself before it is too late.

THE LEX COLUMN

Growth and cost elimination for Decca

The tone of the Decca chair-man's AGM speech, forecasting achieved despite the heavy drain, so that Decca should not papermaking at home; here it is the exceptional contribution from records to manage what is expected to make a major contribution," certainly does nothing to discourage the hope of a full recovery from last year's £25m pre-tax to the £25.3m of 1969-70—though that would apparently require a hefty effort in the second half after a merely "maintained" first six months to September.

The problem in the first half is that one of last year's two trouble spots, records in the U.S., reports a "substantial" reduction in profits to date. Yet it would not do to underestimate the recovery potential in a second half "improvement" there, in the apparently booming U.K. experience, and above all in the virtual elimination of development costs for the company's civil air navigation system. It is worth recalling that the whole cost of the September newspaper stoppage—£50,000 or more—has been charged against revenue. The significance of the third problem areas were forest pro-

fit in the overseas contribu-tion from £2.1m to £1.3m, and its casino power house. But it represents a radical change of direction, with its market capitalisation of £17.7m, against a from 23 per cent in the first

attempt to dilute the image of fact that nearly all 1969-70's drop in the overseas contribu-tion from £2.1m to £1.3m, and its casino power house. But it represents a radical change of direction, with its market capitalisation of £17.7m, against a from 23 per cent in the first

suggested bid, valuation of six months to 14 per cent in the second. Ready-to-wear sales

little late if it wanted to catch the ARM in the trough. The latter's 1970-71 earnings may be up from 4.8p to around 8p per share after losses of around 1p per share on engineering, now disposed of.

An exit p/e of around 15 may be adequate enough given that maturing is no dazzling growth situation. The speculative fizz is in ARM's current property revaluation, with one Southwark figure. But the general realisa-tion that there are more ladders than snakes on Reed's board is

now helping the shares, up

another 3p to 25.3p yesterday for a prospective p/e of just under 15.

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